

is responsible. We represent the people.

Shri A. P. Jain: I think the constitutional position as stated by the hon. Member is wholly incorrect. The Centre tries to help. There is no constitutional responsibility on the Centre. We have tried to procure; we have supplied to the extent possible. In this particular case, we have met all the demands of the West Bengal Government.

Mr. Speaker: I am not going to allow a discussion....

Shri T. K. Chaudhuri: That constitutional position is not correct. The Centre is responsible....

Mr. Speaker: Order, order. There is no constitutional responsibility. That is my view. There is no constitutional responsibility on the part of the Centre. With respect to certain matters wherein measures have to be adopted for the whole of India, to that extent the Centre is clothed with responsibility to gather and distribute Hon Members do not care to ask their own Ministers in the locality as to what steps he has taken and whether the Centre has refused to come to their help. They have not done so

Shrimati Renu Chakravarty: They have told us that unless the Centre gives, they can't help and that they have not got one grain.

Shri T. K. Chaudhuri: I may also tell you, Sir, that the Food Minister there makes all sorts of statements about the Centre. We inform the Central Ministers. They don't....

Mr. Speaker: Order, order. This House won't give an opportunity for such complaints. Let all of them appear if the province is not managed properly. If hon. Members have come to that conclusion, let them ask the majority of the people to complain and the Centre will see what it has to do. Till that, the Centre can't interfere unless there is a breakdown of the Government. Hon. Members are here to place before the House

that there has been a breakdown and the Centre has to take charge.

Shri T. K. Chaudhuri: We are not complaining against the State Government.....

Mr. Speaker: Order, order. It is open to the States to ask the Centre to supply and it is then open to the Central Government to say, "I am not able to procure more, I have asked the State Government." That is not the case. The hon. Minister has said, "I have done my best; there is absolutely no more asked for." Even the State Government has been given authority to procure. They have procured 60,000 maunds. In spite of that, if a general complaint is made that everybody is dying and there is starvation, it is a matter to be looked into by the State Governments. I will proceed. I refuse to give my consent to this.

PAPER LAID ON THE TABLE

AMENDMENTS TO DISPLACED PERSONS.
(COMPENSATION AND REHABILITATION)
RULES.

The Parliamentary Secretary to the Ministry of Rehabilitation and Minority Affairs (Shri P. S. Naskar): Sir, on behalf of Shri Mehr Chand Khanna, I beg to lay on the Table, under sub-section (3) of Section 40 of the Displaced Persons (Compensation and Rehabilitation) Act, 1954, a copy of the Notification No. S.R.O. 2515-R/Amdt/XVII, dated the 3rd August, 1957, making certain amendments to the Displaced Persons (Compensation and Rehabilitation) Rules, 1955. (Placed in Library See No. S-231/57)

WEALTH TAX BILL—contd.

Mr. Speaker: The House will now resume further discussion of the Wealth-Tax Bill, 1957. Out of the 5½ hours allotted for the general discussion, 3 hours and 54 minutes have been availed of and 1 hour and 36 minutes remains. I understand that the Finance Minister may require half an hour. So, I will call him

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round about 1.15. After the general discussion, the clause by clause consideration and the third reading will be taken up, for which 3 hours and half an hour have been allotted respectively.

Shri Heda (Nizamabad): There is one criticism that is levelled against wealth tax and that is since it is a tax on wealth it will affect big business and it may go against the provisions of the Constitution. Let us first find out whether this tax will go against what we may term as 'big business'. Let us find out what are the classes of people that will be affected by this Bill and to what extent. The Bill deals with about 30,000 to 35,000 cases in a population of about 40 crores, which is the population of our country. The figure appears so small, say, one in 10,000. Even this class, small as it is, cannot have a grouse against the Bill because the Finance Minister has already given a concession to them in the income-tax rates—they get one whole slab. These people, according to the Finance Minister, have been benefited up to the tune of Rs. 7½ crores. Now let us find out how much wealth tax he is going to collect from this class. The original estimate of the Finance Minister was Rs. 15 crores and it has now been reduced to Rs. 12½ crores. We will have to find out whether we will be able to collect even this Rs. 12½ crores.

I find that wealth in our country is not generally giving that much return as it give in other countries. In my tour of the United States I tried to study this particular aspect and to my surprise I found that in spite of the prosperity and in spite of so much of wealth there, real estates and shares in different corporations are giving far more returns than the wealth in our country. In our country there is wealth which does not give any profit at all and there is wealth which gives only 2-3 per cent of profits. Of course, there is some wealth which gives more than 6 per

cent of profits. Now the point is: should we make a differentiation between these various types of wealth, that is, wealth which gives 6 per cent returns and wealth which is unproductive, which does not produce further wealth? Should we not tax that unproductive wealth? Or should we allow it to be accumulated, as it happens now? I think the wealth which is unproductive, unremunerative, which wealth gives less returns, will be hard hit by this tax. Therefore, there will be a tendency to transfer that wealth into wealth which will give better returns, say, more than 6 per cent. That is the minimum return which we must expect on wealth.

Then, the wealth tax will not be more than 5 per cent of the profits. For the first slab it will only be 1% of the total wealth. Therefore, it will be hardly 5 per cent of the net profits on that particular wealth.

Yesterday, Mr. Masani and Mr. Morarka argued about the tax on companies. They say that by taxing the companies we are taxing the poor people who hold shares in those companies, who may not come under the orbit of this wealth-tax; there may be many shareholders—quite a number of them—who hold 5, 10 or 100 shares, who do not pay any wealth-tax, but because the companies in which they hold shares will be paying the wealth-tax, therefore, these people will also be paying or made to pay the wealth-tax indirectly. That was their contention and that contention appears to be a reasonable one. But what is the fact? When a gentleman purchases a share, he does not take into account the profit and loss of that company. In fact, what he is interested in is the market price of those shares. If the market price of a share today is Rs. 100 and if he thinks that it is likely to go up to Rs. 110 or Rs. 115 tomorrow, he will purchase those shares and invest money in that company. If the market price remains still, he is happy. So, these small shareholders are not primarily interested in the

huge profits or losses of those companies. They are primarily interested in the dividend that is paid and in the price of the share. When the news about the introduction of this Bill came, there was fluctuation in the share market in Bombay, Calcutta, Hyderabad and other places. But what do we find now? The price has come back to the normal level. When they have found out that the tax on companies will not be more than 1% and that this 1% will not come to more than 5 per cent of the net profits, the prices have come to the normal level. Therefore, if we go by these prices, we will find that these small shareholders will not be hit by this tax simply because they are not paying the wealth-tax but only the company, in which they have invested their money, would be paying the tax. They will not be affected at all.

The second point was that there may be persons who would be paying double tax in the sense that the company would be paying tax and they also would be paying tax in the share capital when their personal income is assessed. That is quite true. But we have never given up what we call double taxation. Even under the income-tax law we have double taxation. When we have it under the income-tax law, we can have it under the wealth-tax law also because the principle behind both of them is practically or nearly the same. Here also, when a person holds a share, its price will not be calculated according to the percentage of the total wealth of the company; the price of the share that he holds will be calculated according to the market price. Again, we find that the wealth tax that is levied on the companies is on a different basis. It is on the total wealth of a company. But when persons are taxed, it will be on a different basis, on the basis of the market price of those particular shares.

Even in this case the Finance Minister, or rather the Select Committee, has given one big concession and that concession is that the total

quantum of the tax on anybody will not be more than 1½ per cent. That has been put as the ceiling. In other words, it means that if a person pays on his personal assessment 1½ per cent, which is the highest slab of wealth tax, then he will get rebate to the extent he holds shares in the companies, which have already paid wealth tax because since you are already paying 1½ per cent, if the company also pays 1%, the total will come to 2 per cent. So, here we find that relief has been given. In this connection, it has been stated that we are taxing the people more than 100 per cent of the income. It was really interesting that such a good number of representatives of big business who appeared in the Select Committee, and whose evidence is printed and circulated to us, put forward this plea not to tax them more than 100 per cent. What does it mean? When they say this, there is one big lacuna that we are not able to catch. The lacuna is that while most of the income is unearned, there is a share of earned income also.

Mr. Speaker: Have both the Ministers in this Ministry got business elsewhere?

The Deputy Minister of Irrigation and Power (Shri Hathi): Yes, Sir. The Finance Minister asked me to deputise for him.

Mr. Speaker: I understand. At least the Deputy Minister should be here.

Shri Hathi: He is there in the Rajya Sabha. The Appropriation Bill is going on there.

Shri Nagi Reddy (Anantapur): One of them can be in the other House and one can be here.

Mr. Speaker: That is what I thought. Possibly, the one is assisting the other in the clause-by-clause consideration.

Shri Nagi Reddy: This is appropriation work. There is no assistance.

Mr. Speaker: The other House cannot generally discuss the Bill. It

[Mr. Speaker.]

is the Appropriation Bill they concentrate on and then send resolutions, and therefore they pay greater attention to the Appropriation Bill than even to the Budget.

Shri Heda: In this memorandum that has been supplied to us, they have calculated unearned income at the rate of six per cent. When one has a wealth of Rs. 5 lakhs, his income, after deducting income-tax and wealth tax, would be Rs. 21,948. When his wealth is Rs. 15 lakhs, it comes to Rs. 31,648. As wealth becomes more and more, the income dwindles. When one has got Rs. 90 lakhs, at the rate of six per cent he will pay so much in the form of income-tax and wealth tax that he will have to pay Rs. 5,352 more than his net wealth. If the wealth is Rs. 2 crores or more, he will have to pay a bigger slice which is more than the unearned income from his wealth.

Here they have calculated at the rate of six per cent, but as I have said earlier, there are instances where wealth does not give even six per cent, it gives hardly two or three per cent. Some persons gave me instances of such wealth, and naturally the incidence of taxation on them may be even more than 200 per cent. But the point is whether we want to discourage such wealth which is not remunerative, which is not productive, which does not give enough returns, or whether we want to encourage it. The principle in land reforms is that we do not want absentee landlordism. He who does not till the land should not be in possession of the land, or ownership of the land. If we apply a similar principle, or at least the spirit behind it to taxation policy, our policy should be that he who does not earn anything and only wants to live on unearned income from the property that he is holding would be satisfied even with a return of one per cent, but the country cannot be, because in our planning we want that our wealth should produce more and more.

Therefore, I welcome this wealth tax because this tax will discourage that wealth which is unremunerative, which is giving only two or three per cent in return, and in any case less than six per cent of unearned income, and that wealth will not be hit which gives us more than six per cent.

In practical life rarely do we come across a person who has only unearned income except some feudal elements, but so far as big business is concerned, generally they always have a very good portion, rather in many cases a major portion of earned income, and he who has got earned income will not be so hard hit, and therefore this tax will not be paid by him very much.

Now I come to my last point. I think that what happens generally in the case of other taxes may happen here also. What happens is that when a new tax comes, for the first year, and many times not even for the first year, the tax burden falls entirely upon the particular interests concerned, but later on they so adjust their business and management that the tax burden is shifted and taken as part of expenditure and becomes a part of the expenditure, and therefore, if a company is earning ten, nine or even six per cent, it will manage the purchase and sale and the whole management in such a way that the tax is met, and if nothing is possible anywhere, the price of the finished products will be increased to such an extent that the tax burden ultimately goes on to the consumer and the companies or the individuals who are in charge of the particular factories, industries or trade are not hard hit. I am quite sure the same thing will happen here.

What does it mean? It will mean again that the wealth which had been giving us a particular yield, say about six per cent, will start giving us $6\frac{1}{2}$ per cent, or that the wealth that had been giving ten per cent

yield will start giving us 10 $\frac{1}{2}$ per cent. So, I feel that after the levy of this tax, instead of the wealth being taxed, the power of wealth of producing further wealth or the margin of profit or quantum of returns will be increased, and I am quite sure that after its operation for the next five or ten years we will find that this taxation will not be felt as a burden by any class who hold sizeable wealth.

Dr. Krishnaswami: (Chingleput): Would you allow me to pay a tribute to the Chairman of the Select Committee? My hon. friend Shri A. K. Sen presided over the deliberations with great dignity and his grasp of legal principles and his sense of courtesy helped to minimise tension and steer us clear of the shoals. I would like to point out that I am deeply thankful for having been a Member of the Select Committee. The Select Committee is a great teacher of modesty and patience, and I think that that must be the experience of every hon. Member who has been there.

What is the justification for levying a tax on wealth? I think there is every justification for levying this tax on wealth. In an economy where the State is levying duties on articles of mass consumption, it stands to reason that the well-to-do also should sacrifice. Progression in the rates of income-tax does aim at getting more from the well-to-do, but there are two disadvantages in having an excessive degree of progression. It reduces the incentive for additional effort, particularly in those cases where extra effort is reflected in incomes. Skilled lawyers, skilled surgeons and business managers do not work so hard, and as a result of that we have a premium put on leisure. The whole scale of preferences in the country, particularly in the ranges of ability which are scarce, will move in favour of a steady income and more leisure. This type of preference, while it might be all right in an advanced economy, has no place

whatsoever in a country which is struggling hard to develop rapidly.

Secondly, income-tax, however progressive, cannot distinguish between a person who has a larger income than the average and one who, in spite of having a larger income, also possesses property. The preferential advantage which an individual enjoys over his neighbour by the possession of property has to be taken into account and that is the rationale behind this taxation on wealth. Yet, this taxation on wealth irrespective of an addition to income from that wealth might be injurious in certain respects.

I have great respect, and it is with great reluctance that I have expressed my dissent on three points from the decisions of my colleagues in the Select Committee. There were, of course, other differences of opinion, but they were not a major nature.

The important gap in the present measure is its failure to make a distinction between those assets which are socially desirable and those assets which are not. I can never see any valid reason why a limit should have been placed on the tools and equipment to be used by professions. The professions and vocations have the tools and equipment as aids to their skill. And, in addition to their having these as aids to their skill, they also contribute to the enriching of the community in the area of their operation. A skilled surgeon without his clinical equipment would not be so skilled as he is. Indeed, the Select Committee had rightly, in my opinion, decided to exempt books which are aids to the lawyer's skill. Therefore I see no justification whatsoever why the surgeon's tools and implements should not be exempted altogether. Some people suggest that the rates of obsolescence of a surgeon's equipment are very very high. Indeed, if that is so, that only strengthens the argument that the tools and equipment of the surgeon should be exempted altogether. For, if the rates of obsolescence are very high,

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then in a strictly economic sense it follows that the equipment of a surgeon is not an asset but is being used for current consumption: in other words, it should not be taken into calculation when we are calculating the net wealth of the individual.

What is going to be the effect of such a tax on the professions and vocations in our community? I think the Bill as it originally stood did attempt to make a distinction between tools and equipment used for profession and the possession of wealth as such. We started by stumbling on the token figure of 2,500, then shifted to 5,000 and eventually reached the figure of 10,000 with which we seem to have been satisfied. But I am pointing out that once we have decided to make a distinction between tools and equipment which are used by a profession and the possession of idle wealth as such, we should place no limit whatsoever on the tools and equipment to be used by the professions and vocations as such.

As a result of this tax what will happen is that the surgeons who moved to smaller towns and set up their equipment will think now of shifting over to larger towns where they can get a greater amount of income and thus be able to pay the wealth tax. In other words, the countryside will be deprived of skilled surgeons and others; and it is a wrong thing from the point of view of taxation policy especially that we should have thought of placing such a low limit. Indeed, Mr. Speaker, a taxation measure is different from other measures. Generally, in a taxation measure no one goes to question the basic assumptions of a taxation measure. Year after year we have only amendments relating to the rates and schedules. Nobody questions the basic principle. Therefore, if we once make a mistake in basic principle, there will be a repetition of the errors and society would have to pay grievously for the manner in which we have made this error.

I now pass on to the second point on which I hold strong views and for which I hope to be forgiven by some of my friends who hold different views. I do not think it is right in principle to ask on economic grounds to tax companies. There is a fallacy in this taxation of companies. I understand an individual possessing wealth. By the fact of his possessing the wealth he is able to enjoy a preferential advantage over his neighbours and thus promote an unequal society. But a company possessing assets is an entirely different proposition. A steel mill having assets means its technical conditions that govern the possession of such assets. And besides a larger mill is not necessarily the most efficient in character.

There is also the point of double taxation which was referred to. We tax the assets once in the hands of the company and again in the hands of the individual. To this, I think strong objection was taken. But my point is that we have gone quite a long way in recognising this injustice. What was the decision of the Select Committee if it was not to redress this injustice? But then it confined its attention only to those in the 1½ per cent brackets. Government and the Select Committee recognised the injustice that is being done, and therefore they attempted to rectify this injustice.

And in recent times, immediately after the Report of the Select Committee was placed before the House, we seem to feel that we should also rectify the injustice to the small shareholders. Only we want to do it through a circuitous device, a sort of face-saving device as it were. In principle we have admitted it, but by giving relief to small shareholders through Income-tax we have recognised that wealth tax on companies is double taxation and is therefore unjust.

Let me work out the economic implications of this measure. We have now decided to raise the exemp-

tion limit of unearned income by 1,500. In other words, an individual who has Rs. 30,000 worth of shareholding in a particular company would possibly benefit by this measure. I have tried to work out the implications of this measure and I am in doubt as to whether the relief will be adequate or not, or whether the relief will be more than inadequate. There are two assumptions on which we can work it. We can find out what is the wealth tax that he would pay on the thirty thousand shareholding and what is the tax rebate as a result of the exemption limit being given. If the relief given is more than what he would get by exempting from the wealth tax, then undoubtedly it is a serious problem. For, the exchequer loses unnecessarily, and therefore this device is wrong from the point of view of the community. If the relief given is, however, less than what the company has paid on his share of equity, in the name of reason what is the relief that has been given to the small shareholder? It is a difficult question, and I think a more straightforward way would be to recognise that double taxation by the same authority is unjust and therefore relief should be given to all shareholders, irrespective of the wealth tax.

Many arguments have been introduced about company. The Select Committee, to whose conscientious endeavour I have already paid a tribute, was very much exercised over this question. The concessions given to companies which make losses, the concessions to new companies are all referable to the sensible principle that a wealth tax should not be paid out of capital but only out of income. In other words, a tax on wealth is meant to be paid out of accruals from income and not out of capital. In fact, that is the basic principle which dictated the Select Committee to adopt this strong attitude on this matter.

I do not want to refer to many of the concessions that have been given, in detail. We have decided to exempt

certain companies, to give certain exemptions to them. When we have chosen a wrong principle, naturally many exemptions come into the picture. The argument put forward is that revenue considerations are important, or are dominant. I agree that they are important, but they are dominant. The equity and the efficiency of a tax measure are more important than merely revenue considerations. If it was a case of having only revenue, one would view with equanimity the taxation of Railways, a wealth tax being put on Railways. But naturally that, I hope, would be scouted as something impractical and wrong altogether and therefore we are not thinking of it.

All that I suggest is that this tax on companies is not really very useful and certainly is going to restrict the development of those companies which are inclined to move very fast and in whose development we are very much more interested.

I shall now refer to a question of major principle which has been referred to by my friend Mr. Heda this morning. And that is this point which has been causing so much controversy I am not guided by the memorandum presented by the Employers' Association I do not need to be guided by them, because I have worked out independently my figures, and I think I can rely on my judgment on this matter. I feel that the objective of such wealth taxation as distinct from a capital levy and Estate Duty is to tax wealth and the assumption is that it will be paid out of accrued income from wealth.

Pandit K. C. Sharma (Hapur): Not necessarily.

Dr. Krishnaswami: Then I must refer my friend to Mr. Kaldor.

This is the reason for keeping the tax rates low and also making it part of an integrated rate structure where income tax rates also do not exceed a specified limit. As soon as it goes beyond 100 per cent, the total tax payment for a person with a given

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gross income and a certain assessed wealth goes beyond 100 per cent of current income, the wealth tax and the income tax together constitute a continuing capital levy. And inasmuch as a person reducing his property will also reduce his income, usually the incidence of this tax can be highly arbitrary, capricious and drastic in certain circumstances. If our marginal rates of taxation swallow up not only income but also the assets year after year, we are putting a ceiling not only on income but also on capital.

Prof. Kaldor, who is quoted whenever it suits my hon. friends on the other side, on page 12 of his report on Indian tax reform has scouted this idea of having a ceiling on income and a ceiling on capital. In fact, no economist is likely to give currency to this idea, and I shall show how Japan had to rue the day when she did not take account of the economic factors and had to repeal a tax on wealth precisely because she did not take account of these factors

I consider that while it may suit certain social enthusiasts and advocates of what he calls supposedly equal income society to advocate such a sort of an idea, it certainly cannot be justified on economic and social grounds and, therefore, such a tax should be viewed with very great disfavour. In our own country, the Prime Minister, in the other place on the occasion of the consideration of the Second Five Year Plan, in a very forceful speech, pointed out that a ceiling on income was an irrational idea. When he had said it, I certainly felt that that must have been an idea which was accepted by other members of the Government. But the Government has, of course, to consider what its policy should be. It is rather strange that this aspect of the matter should not have been taken into account.

Let us also remember that no other country has permitted the annual

taxes to go beyond 100 per cent. In fact, in Sweden, a model of socialism, a model of a great welfare economy, they have certainly placed a limit of 80 per cent or thereabouts on the amount that can be collected from an individual year after year. No one has told me that Sweden is a reactionary State. In fact among the Scandinavian States, Sweden is one of the countries which has a high degree of progression in its income tax. And if Sweden can think that it is right to put a ceiling on the limit that can be collected by the tax-gatherer, I do not see any reason why we should not take lessons from her. We seem to be taking lessons from so many defunct economists that it is time that we also took lessons from those countries which are rational and which have pursued a rational policy.

I want to stress one or two aspects of this question. It will affect capital formation, because it is precisely in these sectors that a great deal of capital comes for risk taking and also for certain charitable institutions. It is not that these people are much more charitably-minded than others who have lower income. That is not the point. But they have the wherewithal to invest and take the initiative; and that is why it is necessary to find out how it will affect our society.

I can view with equanimity a little bit of the paint being knocked off the property of any individual if there were no deleterious consequences that would flow therefrom to society. But constituted as we are, with the difficulties facing us, it is extremely difficult for me to give credence to the proposition that public saving in our sector would mount up in such a manner as to arrest the rapid depletion of assets year after year.

In fact, it is a very strange thing that this point has been ignored by many of us who have been merely

considering this question. I believe that when we are considering this question of public saving, we ought to take into account how it is going to affect our economy. We are after all interested in the Plan succeeding. We are interested in greater amount of productivity, and some of the machinery, some of the weapons, that we use must be of such a character that there is what I would call a dynamic growth, as it were, given to this economy.

I said a minute or two ago that I was going to refer to the experience of Japan. Now in Japan also, they levied a wealth tax. There were certain great enthusiasts, whose knowledge of economic realities was not as great as their enthusiasm for the levelling process in society. And do you know what happened? Eventually, although the tax on wealth was imposed, it was given up because it was felt that year after year there was a depletion of economic assets in the economy of Japan.

I want to ask this Parliament this question—it is ultimately Parliament that has to decide on this matter. Do you want to have a gradual depletion of large assets which, incidentally, will lead to a diminution in the tax receipts in the succeeding year and also a reduction in value of assets due to the selling pressure? A man in the highest bracket when he sells property, will not be able to find a purchaser in the highest wealth bracket, because he would find that he would deplete a portion of his capital assets. Naturally, he would have to sell out to those in a somewhat lower bracket. And that would mean a reduction in the amount of revenue that accrues to the State.

Parliament has also to consider this question: do you want to redistribute wealth from year to year and obtain a diminishing revenue for the public exchequer or do you want to utilise this gigantic instrument of wealth tax as an instrument to develop, which taxes wealth and yet allows wealth to grow in the social entity?

This is a question which we have to face, because if we do not face it today, we will have to face it in another year or two.

I said a few minutes ago that Japan certainly was one of those countries which took to this experiment of a tax on wealth. It is good to tax the yield of an individual. In an inflationary economy, we have to have accruals from the income of these individuals. But we have also to realise whether we are going to have this tax levied in a manner which encourages social growth. And since Japan refused to recognise the lessons of history, it was forced to repeal the wealth tax.

Administrators might say that they are not going to yield, that they will not budge an inch, but economic realities are stronger and more persuasive than the speeches or utterances of administrators in office. Let that be remembered. I would like my hon. friends to realise that this experience ought to be borne in mind.

When I am appealing to Parliament and to my colleagues, I realise that I am doing so under certain handicaps. I have to appeal to them to recognise these problems as citizens of our country and to find out whether it is worth our while really having such a type of taxation which acts as a continuous capital levy. A capital levy has been scouted down in countries, but when it is not a continuous capital levy, it is not the numbers that count. One person says 450; Mr. Taraporevala says 600; I may put it at 800. Of course, the holders of large property are bound to be few, but it is the economic consequences to society that we have to take into account.

There was a reference made to the number of exemptions that has been given in this Bill. I tell you if we had decided to fix a certain ceiling on the amount of tax that we were going to collect from an individual, many of these exemptions could have been whittled down. We would have had a more rational structure.

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We did not have any clear ideas as to what was meant by taxation of wealth and we tried our very best to grope our way through the dark. I, therefore, feel that the time has arrived when we should consider how we are going to introduce certain checks and certain restraints on the amount that we should collect.

Estate duty is, however, different from a tax on wealth. It is highly irregular and it occurs, I suppose, once in 20 or 30 years and during that time the individual would have time to arrange his assets. But, here, it is a different proposition whether it is a Hindu joint family or individual. The moment we decide to collect more than 100 per cent., it has deleterious consequences on our society.

In fact, I feel that if we had fixed a limit, we would have been in a better position to alter the amount of exemption and also to make it much better and much more rational. The Select Committee, as I pointed out, has devoted considerable thought to many other questions and where I have minor differences of opinion. Should I have the opportunity of catching your eye when the clause by clause discussion comes, I shall try to speak on these points.

Shri Nathwani (Sorath): Mr. Speaker, from the discussion that has gone on yesterday and today and from the notes of dissents, I find that the Bill, as it has emerged from the Select Committee, has been attacked from two sides for quite opposite reasons. There are friends who feel that by reason of the amendments adopted, the Select Committee has watered down the Bill and it would not serve the purpose. But, there are others like Dr. Krishnaswami and Shri Masani who feel that these amendments do not go quite far. It appears to me that though there were strong and honest differences in the Select Committee, this Bill, as it has emerged, represents the largest

measure of agreement on several questions involved in this measure.

Before I deal with some points of view, I would like to say a word about company taxation it has been urged on behalf of those friends who feel that the Bill has been watered down that the concessions in favour of new companies or losing companies were not justified. I think that there is a strong case for exempting the companies altogether from this taxation. It is not sound to treat individual wealth and companies' assets on par. The company's wealth is not the wealth of any individual, but it represents the accumulated savings of a large number of persons.

An attempt was made to show that only a few big persons are interested in these companies or that there are not a large number of persons who are interested in the companies. It is not so. Shri Masani cited some figures yesterday. I have got a table which shows that in respect of 54 companies there are about 3,30,000 shareholders whose individual holding is less than Rs. 10,000 each. Therefore, it is not a question of a few individuals. My friend, Shri Raju, yesterday suggested that there are some rich people who disguise their wealth in the form of companies and somehow or other escape taxation. It is difficult to deal with this kind of argument in the absence of proper particulars. I do not know how many such cases are there and whether it is not possible to tackle them in some other manner.

But the objection against taxation of companies is this that the whole wealth is employed for productive purposes. It has been said that we are taxing companies because it would yield a good deal of amount by way of revenue, say about Rs. 9 crores. Now, the amount is reduced by about Rs. 3 crores. Still it would yield about Rs. 6 crores. But I thought that industrial expansion in the private sector was also a part of

the Plan. Money is, of course, needed for putting through the Plan; but industrial development in the private sector is also a part of the Plan. Let us not minimise the importance of capital required for this industrial development.

It is said that about Rs. 720 crores has to be invested in the large-scale industries under the next Five Year Plan. Out of this sum of Rs. 720 crores, about Rs. 570 is to be in new investments and the balance on modernisation and rehabilitation of industries. Therefore, whatever amount you are going to take away by taxing companies would reduce the amount available for industrial expansion in the private sector. This is the argument why we thought that companies should altogether be exempted. There is the additional argument about double taxation. Personally, I feel that you cannot avoid this result. In fact, you are taxing twice; once in the hands of the company; again in the hands of the individual shareholders.

Under this Bill, an undivided Hindu family has to be assessed as a unit. But, when we come to find the net wealth of a coparcener, his share in the joint Hindu family property is to be excluded. Likewise, here also, the total wealth remains the same. It does not change hands; it lies where it was but still we are taxing it in the hand of individual owners.

Then my friends Shri Masani and Dr. Krishnaswami say that the overall taxation should not exceed 100 per cent of the total income. And, in this connection, it is said that the presumption underlying this tax is this that it should come out of the income of the wealth and it should not fall on the capital. Reference has been made to Mr. Kaldor's writings. This is one view.

I think Mr. Kaldor took a very mild view of the position. He was, perhaps, afraid of the opposition his recommendations may meet with. But, there is the other view also that an annual wealth tax might fall on capi-

tal also and, in this connection, I want to read out a passage from Mr. Crosland's book. In the chapter on 'The Distribution of Wealth', mainly based on Mr. Kaldor's recent fiscal writings, he says:—

"The possibility of an annual tax on capital, which would be in the nature of a small continuous capital levy, has been curiously little discussed by socialists, or even economists."

Then, he proceeds to say:

"In what little discussion there has been, the writers have usually assumed that anything called an annual capital or property tax would have very moderate rates, and would in practice, however assessed, be normally paid out of income. This could not be so today."

I want to emphasise this. Then he says:

"At present rates of surtax, even exceedingly modest rates of capital tax would quickly raise the total tax burden to above 20s. in the pound; and on all larger incomes the tax would necessarily be paid out of capital."

Then, he proceeds:

"And, of course, if the object is to influence the distribution of property, the tax would make no sense unless it fell on capital. Previous discussions, which have assumed payment out of current income, therefore, offer little help."

Therefore, some writers have conceded that this tax might fall on the capital and it has got to be paid out of capital.

18 hrs.

Then, Sir, there are other friends who thought that by making concessions in favour of certain classes of companies, and exempting certain assets from net wealth, the Bill has been watered down. Let me quote their actual words.

[Shri Nathwani]

My hon. friends Shri Ram Sabhag Singh and Mr. Malkote say that these exemptions have so greatly reduced the scope of the Bill that it may hardly be expected to fulfil the desired objectives. Mr. Achaw Singh says that if the Bill is accepted, the entire purpose of it will be defeated. Mr. Kar and Mr. Menon say: "As a result of these amendments, the Bill would become virtually infructuous." Why do they cry like this? Because they say that the annual yield would be substantially reduced. The hon. the Finance Minister said that the reduction would be of the order of about Rs. 3 crores. My hon. friend Mr. Kar was at pains yesterday to explain that the net loss would be about 50 per cent. Even assuming for the sake of argument that the net yield would be reduced, that is no reason to say that the objective of the Bill would be defeated or that it has become infructuous. They say so, because they take a very narrow view of the provisions of this Bill. They look at it simply from the annual yield of revenue, but forget the wider objective of the Bill.

As the Finance Minister has again and again stated, the objective of the Bill is to broad-base the whole tax structure and to have it as a part of one integrated scheme so that in times of stress or difficulty it can be stretched for a temporary period. This is a great advantage. Secondly, it would also serve to check tax evasion to some extent; and certainly there is one more aspect of the matter that this tax would tend to mobilise any unproductive wealth into productive channels.

Lastly, we are not to forget its psychological effect. Some friends say that its objective is to bring about a socialist or egalitarian society and this will be defeated by the amendments. Even if these amendments were not to be incorporated, still this tax by itself is not intended to bring and will not bring any egalitarian or socialist pattern of society. Let us be clear about that. But there would be

one psychological effect and from that point of view this Bill has its utility. What is the test of an egalitarian society? Not merely equality of wealth, but a feeling of justness and contentment that it spreads among its members. This measure is likely to create a sense of contentment amongst the people who will not grudge the few rich their wealth, provided the latter pay this tax properly.

I want to say something about exemption of palaces of rulers and also their jewellery. It was asked by Mrs. Ray and some other Members yesterday as to why the Select Committee has introduced this exemption. As a member of the Select Committee I feel it my duty to answer that question. I agree with Pandit Bhargava and the Finance Minister that there is nothing in the Constitution or even in the covenants which enjoin this House to grant this; but there is no reason why we should not classify them separately and give preferential treatment if there are other reasons. Such reasons are to be found in the past history of the rulers, the way they surrendered their sovereignty, the assurance which has been given to uphold their dignity and prestige and lastly the character of the property which is sought to be exempted. These are huge costly palaces. There is no market for them. It is not alienable; it cannot be transferred by the rulers. Lastly I would say a word. Most of the Members seem to be unaware of the fact that we are not trying for the first time to give them a preferential treatment of this nature. Because, I find that for the purpose of calculating their income-tax, the annual letting value of such palaces is exempted from income under a concession given under the Indian Income-tax Act. This concession is there for the last seven or eight years. We are not creating a precedent. It is already there. We are merely following it.

There are some other points on which if I get a chance I would like

to speak when the clause by clause discussion takes place. But I hope that the Bill as it has come before us is not the last word. In the light of experience which we are likely to get it may be revised and I hope and trust that in the light of that experience, suitable amendments, either way, will be brought about.

Mr. Speaker: Shri Narayananakutty Menon. I am sorry there is no time for other Members to take part in the General Discussion. However, I shall call them on clause-by-clause discussion. On clause 2, definition clause, they can say whatever they want to.

Shri Feroze Gandhi (Rai Bareli): Preference should be given to Members who were not members of the Select Committee.

Mr. Speaker: That has been done. As far as possible, opportunity has been given to one representative from each Group. Of course larger number of persons from the Congress Party have spoken because of the strength of that Party.

Shri Dasappa (Bangalore): We shall be as brief as possible.

Mr. Speaker: I am not referring to the question of relevancy. On clauses 1 and 2 hon. Members may say all that they want to say on the Bill.

Shri Narayananakutty Menon (Mukundapuram): Mr. Speaker, when we are discussing this Bill as it has emerged from the Select Committee, I wish to bring back a bit of the memory of this House to the day on which the hon. the Finance Minister amidst the fanfare of trumpets and proclamations announced in this House that he was going to bring forward a Wealth Tax and Expenditure Tax Bill. It was a time, Sir, when at the end of the first Five Year Plan he was not able to show to the common people that there was any substantial increase in their standard of living. In fact during the Plan period he had consciously for the financing of the Plan every year been

increasing the excise duties on the common requirements of the people with the result that the standard of living of the lower income group has been steadily falling.

Not having the courage to come with a Budget which again shoots the cost of living of the common people on account of the excise duties imposed in his Budget, he wanted to camouflage the increasing excise duties which he was going to announce to the House on the 16th May, and therefore as a matter of consolation: "Look here, we are going to have heavy taxes on the wealthy people and people with fabulous income and we are going to get all the money from their vaults. Therefore, we are having an equitable basis of taxation as a pre-condition to the socialist pattern of society where the common people will be asked to pay the tax along with the rich and also wealthy."

This Bill has now gone through the laborious process of the Select Committee and certain changes, very vital changes on the basic principles of the Bill have been introduced. Even when this Bill was brought forward, we on this side of the House did not consider it important from the revenue point of view, because at the most the total revenue that the Bill was supposed to bring to the exchequer was a negligible amount of Rs. 15 crores.

As far as we are concerned, we welcomed this Bill because after such a long time of increase in excise duties and taxation which affect the common people in this country, certainly it was a relief in the morale of the common man to participate in the Plan, now that the Government has come down at least to touch the outer outskirts of the wealthy people in this country.

But the trials and tribulations which this small Bill has undergone in the Select Committee and also outside in the country, and the attack that we have seen on the provisions of this Bill when it has come before

[Shri Narayananankutty Menon]

this House, compel us to imagine or ask ourselves in which position we have come at this time of the Plan.

The purpose of the Bill, as it originally stood when it was introduced in the House, was to touch the income of a man having Rs. 2 lakhs wealth a year. As a result of the changes that the Bill has undergone in the Select Committee, ultimately, in actual calculation it has come to this that the provisions of this taxation measure shall not affect anybody who has got a wealth of Rs. 5 lakhs.

Coming to a broad calculation, calculating at the rate of 6 per cent—a person may manage to get even unearned income upon his wealth—a man having a wealth of Rs. 5 lakhs can easily make Rs. 36,000 a year. What this Bill provides for is that for every additional Rs. 1 lakh above Rs. 5 lakhs he will have to pay a revenue of Rs. 600 to the exchequer. When a man having an income of Rs. 36,000 in India today is asked by this House to pay a revenue of Rs. 500 a year, and when we find such a lot of loud cries from both inside and outside this House—my friend Shri Nathwani has put in very ridiculous terms our dissenting notes as a 'cry'—what shall we tell a common man who has been asked to pay excise duties as a result of which his cost of living has very easily gone up by 5 per cent? What shall be the equity, the equanimity of taxation that this House is legislating today?

Look at the great exemptions that have been granted. Much has been said about the exemptions, and the Finance Minister himself took the entire responsibility of introducing the amendments and allowing himself to be a party to get the exemptions passed. The most important of the exemption, on which much has been said by many friends on this side, is the exemption upon the palaces of princes and the great jewellery inside the palaces of the princes. Yesterday, when my friend Shri Bimal Ghose made a point out of this that this

exemption in the present context was quite unwarranted, the hon. Finance Minister was very quick to get up and give him a reminder: "Let my friend re-read the provisions of articles 362 and 363". It has become a custom with the Finance Minister to engage in certain diatribes of kindergarten economics when economic problems come before this House. But, yesterday he took a step further and asked my friend to re-read the articles 362 and 363.

The Finance Minister now says that it is because of the guarantee that is contained in articles 362 and 363 that he has put in the provision granting exemptions to the palaces of princes and their jewellery, and this House is helpless to tax the palaces and the jewellery. Taking the clue from the Finance Minister, taking humbly the advice that he gave to my friend Shri Ghose, I have re-read the provisions of articles 362 and 363 yesterday. But my humble submission before this House is, if the Finance Minister today, on the floor of this House, takes a bit more trouble and common intelligence he will understand that articles 362 and 363 do not in any way refer to palaces and jewellery of the princes. If at all any reference is made there, it is to the income of the princes. As I deliberately want to clear that point, I am reading out, to the benefit of the House and as a reminder to the House, the provisions of article 362, on which the Finance Minister yesterday relied that a guarantee has been given by the Constitution for the palaces and jewellery of the princes. Article 362 reads:

"In the exercise of the power of Parliament or of the Legislature of a State to make laws or in the exercise of the executive power of the Union or of a State, due regard shall be had to the guarantee or assurance given under any such covenant or agreement as is referred to in article 291 with respect to the

personal rights, privileges and dignities of the Ruler of an Indian State."

And, what are the rights that are guaranteed under article 291? The privileges that have been guaranteed under article 291 are:

"Where under any covenant or agreement entered into by the Ruler of any Indian State before the commencement of this Constitution, the payment of any sums, free of tax, has been guaranteed or assured by the Government of the Dominion of India to any Ruler of such State as privy purse—

(a) such sums shall be charged on, and paid out of, the Consolidated Fund of India; and

(b) the sums so paid to any Ruler shall be exempt from all taxes on income."

We fail to understand where the guarantee is given. We are not big lawyers as the advisers of the Government. But, a simple reading of the provisions, and even a high intrinsic and forensic interpretation of the provisions will not tell anyone that the house which they inherited from the past, the jewellery which they have inherited as heirlooms in the past, the crores of rupees invested in them shall be interpreted as income of the princes after this Bill has been passed.

I am pointing this particular provision alone just to remind the House the way in which the Finance Minister is out to defend whatever has been done, and also to absolve the entire responsibility that he has taken in whittling down the Bill in the Select Committee. Shri B. S. Murthy, I may refer him by name, yesterday made a very pertinent remark that the Select Committee has betrayed the trust that this House has placed in the Select Committee. I entirely agree with my friend with the modification that the majority of the

Select Committee has done as he has said before the House yesterday.

Inside India, when the national per capita income of the common man is very low, when much tears have been shed in the name of the common man from the other side and everybody had to say much about him, is it too much for us to say that a man who has got a wealth of Rs. 5 lakhs, an income of Rs. 36,000 a year, an income of Rs. 3,000 a month should pay Rs. 500 a year so that the Plan that he has undertaken, for the execution of which the Finance Minister takes the monopoly responsibility, is proceeded with and finalised?

I wish to point out to the House the excise duties which they were levying every year since the year 1948 to the year 1957 to show how the colossal increase in the excise duties strike upon the barest minimum necessities of the common man. In 1948 the duty on kerosene was 0·2 per cent. while in the year 1957 it has come up to 3·16 per cent., an increase of almost 1400 per cent. In 1948 the duty on sugar was 6·47 per cent. and in the year 1957 it has come to 36·45 per cent an increase of 600 per cent. On cotton cloth it was 0·87 per cent and in 1957 it is 72 per cent, an increase of almost 8500 per cent. With the other excise duties and the burden that he has put upon the common man in terms of increase in railway fares and the consequent increase in prices all over the country, he is not prepared, and he sheds his tears when a small little thing out of this colossal wealth is taken in the name of the Plan.

I have only to submit that not only the Finance Minister has taken away Rs. 3 crores by means of his amendments in the Select Committee—Rs. 3 crores compared to the total outlay of the Plan may be an insignificant amount, but by taking away Rs. 3 crores by way of concessions to the princes and higher income group persons—he has also taken away the entire goodwill of the common people and their faith in the Plan.

[**Shri Narayananikutty Menon]**

I will conclude, Sir, by making a reference to the phraseology that the hon. Finance Minister used yesterday. When he spoke about the Plan yesterday, he was throwing a wild allegation on this side, saying that we are saboteurs and we are enemies of the Plan. I wish to remind him that not for any time since the Plan has begun we have been accused or anyone including the other side has accused that we have ever been the enemies of the Plan. As a party, coming as we do from the working classes, we have been the first to welcome the Plan because they say that this is a socialist plan. But I wish to remind the hon. Minister that the enemies are inside the hull of their own ship.

Yesterday, a Member from Rajasthan was speaking and he was lamenting over the fact that an exemption has been given to losing companies. From that side, therefore, speaks the monopoly capital which does not wish to have an exemption for losing companies. They have always followed the law that when the companies lose, the monopolists will swallow the losing companies and the State shall not come to the aid of them. An hon. Member from this side of the House said yesterday that we are investing money and upon the investment of this money, if you are going to tax more and more, the incentive to investment will be lost and, therefore, through that loss, the national service is also gone. Not at anytime in the course of history have the people who have got wealth to invest said that "we are investing for the sake of the people". But we have seen an illustration of the investment. They invest their capital in order to make more and more profits, the profits that we have seen for the last five years.

Therefore, if the Finance Minister really wants to find out the enemies of the Plan, the first man he will have to look to is himself, because, at least in this instance, he has taken three

crores of rupees out of the common exchequer and has handed them over to those who could afford, and to that extent, and similar other extents, he has deprived the Five Year Plan and along with that, he has taken away the tremendous amount of confidence and goodwill the common people had in the Government in executing the Plan as a socialist plan and as a plan for the people.

The Minister of Finance (Shri T. T. Krishnamachari): Mr. Speaker, Sir, it would not be correct or proper for me to characterise the speeches made on the floor of this House in respect of this Bill, but I might, in all humility, draw the attention of the House and undoubtedly to the wider public outside, to the extreme difference in points of view that came out of these discussions. Luckily, Sir, whether rightly or wrongly, the Select Committee had made certain alterations, and thereby it has relieved me of one responsibility. I have been relieved of the responsibility for the original sin, namely, of having conceived this wealth-tax. More or less, the House has accepted that wealth-tax is all right. There have been views that the changes made by the Select Committee on the wealth-tax are not right or the changes that the Select Committee has made are inadequate and that it should have made more changes. From that point of view, the discussion has been revealing.

I have tried, though very unconvincingly so far as my hon. friend Shri Narayananikutty Menon is concerned, to maintain the position that, subject to certain alterations which I had myself suggested as being necessary, I prefer the original text. As I said yesterday, it would be wrong on my part . . .

Shri B. S. Murthy (Kakinada-Reserved-Sch. Castes): . . . to have yielded to the pressure of the Select Committee.

Shri T. T. Krishnamachari: The hon. Member is trying to put words into the mouth of a person whom he knows for a long time. It would have been wrong on my part to shift the responsibility which undoubtedly belongs to me and undoubtedly rests on my shoulders, onto the Select Committee or any section thereof. It would be completely wrong. That is why, when my hon. friend, Shri Pande yesterday tried to say something about the Select Committee, I said the Select Committee was not responsible. I as a person who has asked this House to consider the motion, and not having appended any Minute of Dissent, stand completely committed to the recommendations of the Select Committee. My personal opinions in the matter are of no consequence, because today I am only a Member of the Government who has been on the Select Committee and who has the responsibility for seeing that the Select Committee's recommendations are accepted by the House to the extent that any person has to accept these recommendations. Therefore, my hon. friend on that side would forgive me if I am not making my position very clear, because, individually, —I still maintain I am an individual —I have certain views. But those views just pale into the shade as I am representing today the collective views and decisions of the Select Committee. But having accepted that position, I am in that unenviable position of being in between two sectors.

You know, Mr. Speaker, my language though you do not belong to my State. You recognise a musical instrument which is played with two hands.

Mr. Speaker: The drum.

Shri T. T. Krishnamachari: There are variations of it in each case. A man plays on it with two hands and occasionally he plays with the stick in one hand and just with the fingers on the other. I think I am more like the drummer who used to accompany the piper and here are my friends who use the stick. But today, the

drum is on the one side and the other people use their fingers fairly sharply so that it resounds and produces a noise. In a way it is good, but it does not produce music, because they produce discordant notes and because the two hands do not know how to synchronise. Anybody who has watched the drummer would find out how difficult it is for him to synchronise, when the two hands do one thing and try to produce music simultaneously which we cannot do. The two hands follow in the same way. So, from that point of view I think the discordant elements taught themselves to synchronise the sound. It might happen. Often times it is found....

Shri Prabhat Kar (Hooghly): You could have given us proper music and a musical note by not taking this side or that side.

Shri T. T. Krishnamachari: Well, Shri Prabhat Kar will excuse me if I tell him that when I was about 12 years old, I had to stop studies in one class for three years because they would not permit me to take the examination. One of my parents said that I should learn some music, while the other parent said, 'No, my son will get ruined'. I am afraid it was my father who was right and the mother who was wrong. Then, I might be able to teach you how to produce noise that is not discordant. Anyway, that is by the way.

The position therefore falls into this. The hon. Members on this side have given me very valuable support, notwithstanding certain remarks which were by the way, in sustaining the provisions of the Bill as it has emerged out of the Select Committee. I am very grateful particularly to my friend who started off the debate yesterday, kicked the ball, so to say,—Shri Naushir Bharucha—to whom I was listening all the time even though I was not here, for the very discriminating support that he gave. Altogether I think I have a lot to thank hon. Members for, who not merely sup-

[Shri T. T. Krishnamachari]

ported those provisions of the Bill which are being objected to by other sections but who gave suggestions also. I think one would have understood the position of the Select Committee. No Select Committee can say, "This is the last word". We have to compromise, but I do not say that hon. Members should not hold views which they hold in this particular matter.

If Shri Bharucha had raised a number of valuable points, I think they are points which have to be considered in the course of implementation of the Bill. I think one hon. Member—I think it was Shri Nathwani—mentioned that it is not the last word for bringing some taxation which in one sense is new. It has to be scrutinised from time to time. I think I can give this assurance on behalf of Government that we shall keep the House informed regarding the process of the collection of this tax. The House, I hope, will scrutinise the rules that we make for the collection of this tax and offer their comments, whether by means of resolutions or even by means of expression of their personal opinions. We will watch the working if we find that revenue considerations have been given somewhat lesser importance than what should have been, other things being equal, I think we can rectify it and remedy the defect.

The suggestion made by Mr. Bharucha in regard to valuation by rough and ready considerations is good. We have rough and ready reference today. That is why the Select Committee at one time thought that this question of appointing a valuer should be at an earlier stage and not at the final stage. But they changed their mind afterwards. Very often rough and ready considerations, which would decide a particular value, might be accepted both by the assessee and by the department. Only where the amount involved is very heavy that you have to get two values.

My hon. friend, Pandit Thakur Das Bhargava, spoke very exhaustively about this Bill. There are a number of aspects which he mentioned, with which I am afraid I am unable to agree for the reason that it will further whittle down the Bill. For instance, he said he wanted a further taxation in the matter of jewellery. He felt that Rs. 2 lakhs was rather low. I can tell the House that I was trying with the idea between Rs. 1 lakh and Rs 2 lakhs for a very long time. It is certainly because that it is a new enactment that I gave up Rs. 1 lakh. I think it is good; I would rather have Rs. 2 lakhs, or even Rs. 2½ lakhs, as some hon. Members wanted. That would be better. A higher figure is perhaps called for if the exemptions are taken away but we cannot have both.

The question of double taxation was raised by Pandit Bhargava. He might as well sleep with it now. I do not know; as far as I am concerned, I do not think there is any particular principle in regard to double taxation. It is a principle that has been trotted out as a matter of convenience. In fact, the interests that are affected say that this is double taxation. I may point out that excise duties are double, triple, quadruple and multiple taxation and everybody, rich or poor, pays them. They are duties which everybody who consumes these articles, what are called 'necessities' and luxuries, has to pay. It is generally accepted today, the cry from the various States to lay is, "We will drop sales-tax and we will have excise duty. That is a better way of collecting tax and there is no question of evasion." Therefore, I don't think the question of double taxation as a principle is worth labouring about.

Maybe that the tax element in a company is not refundable. Of course, the question of refund is there in regard to income-tax. Hon. Members have missed one point in regard to the Finance Bill, which they have approved of, that the refundable ele-

ment of taxation on companies has been increased from 25 naye paise to 30 naye paise. So much so, I will suggest in all humility that the half per cent taxation, even assuming there is reduction in the dividend, because the company pays this tax, though it is not likely, is more than compensated by the increase in the refundable element. If a shareholder does not pay income-tax of more than 25 naye paise, then he is going to get a refund of something more than what normally he would have got—30 naye paise instead of 25 naye paise. That, I maintain, amply compensates, if a person will take the refund of income-tax. Sometimes, if it is a refund of Rs. 20 or Rs. 30, people do not bother. But if a person lives mainly on equity income, he calculates how much he gets as refund of income-tax. I will give you a real instance, where a particular person gets about Rs. 6,200 by way of equity income and that person was able to get refund all along of more than a thousand rupees by way of refund of income-tax on the shares. That will now increase straightforwardly by another 20 per cent and that will more than compensate any diminution in dividend, assuming the company reduces the dividend, which is not at all likely.

It is again for that reason that I have introduced the concession, namely, I have raised the unearned income limit from Rs. 7,500 to Rs. 9,000, provided that Rs. 1,500 is covered by return from equity investment. That is to say, we are prepared to give Rs. 1,500 free area from the imposition of the surcharge which unearned income bears now for a small shareholder or a medium-sized shareholder. So, I would humbly submit that this plea of double taxation has really no particular basis, in view of the very many concessions offered and in view of the fact that basically the refundable element in the income-tax paid on the company's dividend is now increased by 5 naye paise in the rupee.

Pandit Bhargava suggested that merely because article 50 of the Con-

stitution lays down that the State shall take steps to separate the judiciary from the executive, I ought straightforwardly to make an innovation here and allow the Appellate Assistant Commissioner to be subject to the control of a High Court. Which High Court? I do not follow demarcating myself, in this matter. We follow the demarcation in area and the work-load and the return that we get. Pandit Bhargava will agree with me; that is a thing which I am unable to understand.

There is a general claim made that a dwelling house should be exempted everywhere not merely in the rural areas and not merely for the princes. It will amount to a drop of anything between Rs. 1½ and Rs. 2 crores. It is also very difficult to say what portion the man will let out and how much he is keeping. Revenue considerations, more than anything else, prevent this exemption from being given.

My hon. friend, Shrimati Renuka Ray complained about the whittling down. I have already mentioned that whatever may be our personal opinion in this matter, I think we should concede that in the case of a new enactment which we are working, we ought to give it a trial. If it is something which makes it a complete bar, I quite agree that we have to drop it. In fact, that is my view. Some hon. Member said that I have mentioned that if the tax on the companies is taken out, I would much prefer to drop the wealth-tax. That is my view. There is no point in setting up an administration for collecting Rs. 6 crores and the revenue considerations are paramount. I shall be pleading for company taxation later on. Anyway, I am very grateful to her for her support.

Of course, there are other loopholes to be plugged. We will look into them. As I have said, we have made a new and I think it is much better for us to wait and watch how it works for a period of one year, because nothing much is lost in a period of one year.

[Shri T. T. Krishnamachari]

My friend, Mr. Murthy, feels the same way as I have felt sometime back, until this burden of office came to me. Really in spite of the things that I sometimes say, I am inclined to say that until somebody provokes me, I am a very tame person. I think in course of time, Mr. Murthy will have an opportunity of getting tamed like myself. He dealt with the privy purses, with which I shall deal presently. I do not want hon. Members to feel that I have not taken the points they have made. With regard to Mr. Masani and Mr. Ghose, I shall leave them presently, and so also Mr. Morarka. I am very grateful to my colleague in the Select Committee, Shri Heda, for having prevented me from being the sole defender of the Select Committee's work and for having taken a share in the burden.

One point I might well dispose of now, that is, the point made by Shri Narayanankutty Menon. I challenged Shri Bimal Ghose to re-read article 362. He said that he has read it. I find no justification for my asking any hon. Member to read a particular article. I will read the article for the benefit of the House. May be, my enunciation may be slightly different from that of Shri Narayanankutty Menon. Article 362 says:

"In the exercise of the power of Parliament or of the legislature of a State to make laws or in the exercise of the executive power of the Union or of a State, due regard shall be had to the guarantee or assurance given under any such covenant or agreement as is referred to in article 291 with respect to the personal rights, privileges and dignities of the Ruler of an Indian State."

It is a matter of construction. Shri Narayanankutty Menon is a lawyer. Reference to article 29 is qualified by the guarantee or assurance given under such covenant or agreement. The provisions of article 291 have no application at all. It is referred to only

because it also refers to guarantees and assurances given under covenants or agreements, in respect of personal rights and so on. If he understands the distinction, reference to article 291 or to the provisions and wording of article 291 is merely to draw attention to the fact that there are certain covenants and assurances given to the princes as a result of which certain rights have been guaranteed. Then, he will find that article 362 is pregnant with larger meaning than what he seeks to put in there.

Reference to article 363 has merely been made by me to draw the attention of the House. While the Constitution has asked the legislature of a State and Parliament to give due attention to guarantees and assurances contained in covenants in regard to rights, privileges, etc., it has, at the same time taken away the right of the princes to get these guarantees and assurances embodied in the covenants interpreted by a court of law. The jurisdiction of the Supreme Court has been taken away so far as these covenants are concerned. Whether article 362 follows article 363 or article 363 is there because we have given certain assurances in regard to article 363 is a matter of dichotomy which I think we need not go into. They are closely related. Having enjoined on Parliament to do a particular thing, to take into account certain facts, we say that the determination of rights under these facts shall be taken away from the purview of the court because it has been vested in Parliament. The moral conscience of Parliament has got to support any undertaking given by the Government and any assurance given by the Government. Therefore, it is superfluous, it is unnecessary, dangerous to allow the Supreme Court to interpret these covenants and the obligations of this Government in regard to these covenants.

So far as the covenants are concerned, if there is any specific provision in article 363, international law

will play its own part. Shri Narayananarkutty Menon has not read article 362 patiently. Because, if he had read, an intelligent lawyer as he is, he will know that reference to article 291 is incidental. It is not fundamental. It only refers to article 291 in order to draw the attention of Parliament and legislature to the assurances and guarantees given under covenants.

Shri Narayananarkutty Menon: I read patiently, but not with the Finance Minister's preconception.

Shri T. T. Krishnamachari: Unfortunately, the trouble about it is, the world conceived me earlier. After all, we all think it is not human beings that conceive us. Somebody determines how we are conceived and that person has determined that I should be conceived earlier than Shri Narayananarkutty Menon.

Unfortunately I happen to be *particeps criminis* in the production of this document. I played a very large part—I am not claiming it in a spirit of bravado—in regard to putting restrictions on the rights and privileges, in regard to the wording of article 291, in regard to articles 361, 363 and in regard to the definition of Ruler. The Drafting Committee of which I was a member had played a very important part. I think some of these were written out by me to the dictation of somebody else. I have been intimately connected with it.

Shri Narayananarkutty Menon: You were not the Finance Minister.

Shri T. T. Krishnamachari: No. I was an ordinary Member like Shri Narayananarkutty Menon, but very hardworking.

Shri Bimal Ghose: Shri Narayananarkutty Menon is very hardworking too. I hope in time he will become the Finance Minister.

Shri T. T. Krishnamachari: I hope he does. I hope he changes over and comes over here. Nobody would be pleased more than me when I am gone from this world if I can possibly see

Shri Narayananarkutty Menon is a reformed person and the Finance Minister of India.

Shri Bimal Ghose (Barrackpore): The only thing is he should be living then.

Shri T. T. Krishnamachari: I don't think that that calamity will occur.

The position is this. The reason why the Select Committee considered it was because article 362 was brought to their notice. That is why they felt that the rights, dignity and the privileges of a prince entitle him to have one house which goes along with the maintenance of his dignity, I suppose.

So far as jewellery is concerned, it is hedged by a number of considerations. I do not know if the princes would like to take advantage of this concession. They may like to pay half a per cent. or one per cent., as the case may be on the jewellery and keep to themselves the right to sell that jewellery if they chose to do so. I do not think that the Wealth Tax Act can prevent it unless that is prevented by some other agreement. If that supervenes, if the Wealth Tax Act makes them pay the wealth-tax, it will be doing something which is wholly wrong. If there is no such agreement like that in force, I think the princes will elect to claim it as personal property, and pay the wealth-tax. I do not think we need labour the point of that concession. The concession if it is sanctified by law, has to be sanctified by the Wealth Tax Act. If the concession is not so sanctified, I am sure, the princes will elect to call it their personal property, sell it, pay the tax and put it to productive uses. I have no doubt about it. I think we need not labour about it.

In any event, I do not think it has detracted from revenue considerations, because I have not been able to evaluate the total amount that I would get from the princes. I have not been able to evaluate, at the time when I framed this particular Bill, what I will get from them. Therefore, they were

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out of my consideration in estimating the revenue. That is why I have mentioned that there are some cushions still. Revenue considerations have not suffered by reason of these two concessions. One concession, I humbly submit, Parliament must take into consideration. The other concession is really a matter of convenience. If the law prevents a person from selling, even without this provision, he can say, it is not my property, you prevent me from selling, you cannot levy the tax. If, on the other hand, nothing prevents them from so doing, they will choose to make it their own property and they will pay you the tax.

Shrimati Renuka Ray (Maldia): What is this protection to heirloom jewellery? Why is it protected?

Shri T. T. Krishnamachari: Hon. Member will see that if it is heirloom jewellery which has been listed and where it is said that it is not the personal property of the Ruler, but it is the property of the State, I do not think I have a right to collect the wealth-tax. The man has no possession of it. Very many provisions of the Act prevent me from collecting wealth tax on any property where the person has got no absolute discretion in regard to the utilisation of the income from that property. If I take away that right, the provisions of the Act are not detracted. On the other hand, the position is nebulous. If they are in a position to sell it, I am sure they will elect to claim it as their property, pay the tax and then sell.

I now come to the question of taxation on companies. A lot of arguments were put forward by many hon. Members. I must say that Shri Bimal Ghose has put me in debt by defending this particular imposition, and I am very grateful to him for that. The question of a new personality has been imported—the collective wealth of the people and so on—and it is stated that wealth tax on companies is not levied elsewhere. I think there are some forms of taxation of company's wealth, even in American States. As I said, so far

as the majority of the small shareholders are concerned, the concession that has been given to them more than compensates any possible loss by way of diminution in dividends. My hon. friend—I do not remember his name—said about the depreciation in the value of the shares. Well, that is a question of market. If the shares are depreciated, our wealth tax will also be depreciated. But I do feel, as I said before, that with the particular composition of companies in this country, with the large amount of control with particular groups, it would not be possible for me to eliminate companies and go on levying it on the individual. After all, it would be the individuals, who have a wealth of 2-5 lakhs of rupees, and who would be the largest number, that would be really owning these companies and they should not be eliminated. So, we have made this provision. I don't think that the concession is anything wrong. The Select Committee went a little further. I said: I will give the concession so that nobody will pay more than 1½ per cent in regard to private companies. The Select Committee has made it generally applicable to all companies so that nobody will pay more than 1½ per cent, which is the ceiling that we have ourselves fixed. So, I don't think that there is anything wrong in taxing the companies. The mere fact that in a few companies we have a large number of shareholders is not a very material fact. Considering that, yesterday I had to move an amendment in order to protect and maintain the identity of a company as a public company merely because of the fact that the Life Insurance Corporation or any Government Corporation, or Government for that matter, acquires certain shares in one company and therefore, less than 50 per cent is being held by it. The position is that even in regard to public companies, a safeguard of that nature had to be made yesterday. I had to put it before the House to safeguard their interests. There are a large number of public companies where there is a near majority, that is, somewhere near 49

per cent. If I hold that much share and if I go on purchasing on behalf of the Life Insurance Corporation, the percentage will become 52 and the Corporation will become a private company, and not a public company. That is why I tell the hon. Members that public companies are not quite so common. There may be a large number of them, and it is a good thing. Either the shares must be widespread or the shares must be held by the provident fund or pension fund of the future or the Life Insurance Corporation. It is all good. After all, the Life Insurance Corporation holds shares on behalf of the policy-holders. If the income from these things is larger, they get about 8 or 9 per cent. Ultimately, a portion of it will go to taxation and the rest will go to the shareholder. Quite good. Because, the number of people that are covered is large and that is the job that we are trying to do. It does not mean that, in the present context of events in India, companies, even public companies, are held by a majority interests or by a number of people. It is really a closed corporation. So, I do not think there is any necessity for me to apologize for having insisted on this provision being got through, and I am grateful to the Select Committee for having appreciated the rationale behind them and for having permitted this provision to be put in the Bill.

I have to refer to one or two matters. There is the Hindu undivided family. But before that I shall deal with the other things. It can't be helped if I am not able to reply to everybody; otherwise, the discussion becomes desultory. Mention has been made by Dr. Krishnaswami to the exemption of tools and implements. Well, the limit can be raised, if that will serve the purpose, especially for surgeon's equipment. But my difficulty is this. Whether you agree or not, it is difficult for me to single out any particular profession for special treatment because I do not want...

Dr. Krishnaswami: It was only an illustration.

Shri T. T. Krishnamachari: If it is suggested, we can consider that. If the equipment is used for commercial purpose, then it comes under the purview of the wealth tax. If the commercial element is small, well, naturally we had to find something in the form of rules, perhaps. If there is any particular equipment which can only be used two times or three times or even ten times a year and the return will not even barely cover the interest charges on the equipment, well, it can be considered. One particular doctor or somebody wants to have something. Supposing there is a new machine invented for the purpose of measuring the I.Q. of an individual. It will be very valuable and, maybe, many people would not like to get their I.Q. measured. But if a person has, for some scientific reason, got it, he has to pay wealth-tax. Since he is not getting any particular benefit out of this machine, we may exclude that. That could be done by a general provision in the rule. If the hon. Member will make a suggestion, I am quite prepared to consider it. But so long as I limit the benefit to any particular profession, however good that profession might be, it would be rather difficult. We have to have some base for classification. We cannot do it profession-wise. It is not something like industry-wise because a lawyer is as good a public servant as a doctor and an architect is a very good person, and a surveyor even better, and so on and so forth. A psychiatrist also does a lot of good. So, it is very difficult to say that we will give exemption to this category, excepting perhaps in the rules, more by way of administrative exemption or evaluation, rather than by anything else.

Then there are certain industries where once a thing is purchased it cannot be sold or even if it is sold, it does not get a big value. In the case of livestock somebody said: why should you exclude race-horses? Well, livestock is livestock. So far as the question of eliminating horses is concerned, there should be a horse-breeding industry. It was a flourishing industry at one time. It is now dying

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and we are purchasing Rs. 50 lakhs worth of horses for the army. Even if you work out the life and the value of race horses, you will find that its average life is about 3-5 years. So, even if you pay Rs. 60,000, it will come down very rapidly and sometimes the cost of maintenance of a horse is very much, so much so that as a business proposition the disadvantages might more than outweigh the advantages you get. That is why we have stated that livestock should be excluded. While doing so, I had also another idea in mind. Some hon. Members said—I think Pandit Thakur Das Bhargava also spoke the other day—something about animal husbandry. I could not reply to that because that is a matter that concerns my colleague, the Minister for Food and Agriculture. So far as we are concerned, our hides and skins trade, which is a very valuable trade, is dying and it will be dead very soon. Then, sheep farming is another form of cattle breeding, a very useful subsidiary to agriculture. We are not doing very much about it. Of course, we are allocating a few crores every year. But there must be greater concentration. My hon. friend is quite right when he said that there must be a Ministry or a section for looking after animal husbandry. That is why we thought that this question requires some consideration. After all, we have not got animal insurance. It is a wealth which cannot be preserved for all time. A man might have a flock of sheep today. The next day all of them might die. So, these exemptions do bear some relation to the actual position. Incidentally, horse breeding is a good thing. These are the various considerations that we had in exempting all classes of livestock.

Similarly, some hon. Members had suggested that we must exempt scientific instruments and tools for scientific research. Yes, you can do it. You can have a special classification for scientific research, though it is not necessary because even a private person who keeps equipment for purposes of

research and does not make a profit would automatically be treated as not having anything very valuable, because it is not there for purposes of sale or commercial use. We can accept an amendment of that nature, but it is not possible for us to demarcate any particular profession and make room for it.

14 hrs.

Mr. Kaldor came in for a lot of quotation from Shri Morarks. Mr. Kaldor has no responsibility. If I accept Mr. Kaldor's view, will Mr. Kaldor come and defend the position here? A young man who was working with Mr. Kaldor told me the other day that Mr. Kaldor is not very pleased with these measures. Perhaps he is not, but Mr. Kaldor has not got the unavoidable responsibility of having to pilot it through the Select Committee and to come and answer questions in this House. So, whatever I do must have something in it for which I can provide justification and not merely quote a book and say: I have also read a book, and quote from it as my friend Shri Nathwani was able to quote from Crossland—though no socialist will agree he is a good socialist, and the review of that particular book has been almost devastating. The fact is that there is really a difference of approach in these matters. Mr. Kaldor has broadly indicated that there is necessity for a change in the tax system, in the tax structure, which he had indicated also in his Minute of Dissent to the U.K. Royal commission on taxation. He pursued that point in regard to Indian conditions as he saw it. That is a very valuable help. I must acknowledge it because I had the privilege of discussing these matters with him a number of times, even reading through the script, though, as I have said, I did not read the book as a whole. Portions of the script I had read through and criticised and probably he made some corrections because of that, but there is no point in quoting Mr. Kaldor against me because he has not got the responsibility.

So far as my estimate being wrong is concerned, nobody will be more pleased about it than myself. I think my distinguished predecessor did a very wise thing which I should have followed if I had been told about it. He refused to estimate the return from estate duty when he piloted the Estate Duty Bill, and I think I would have been wise to have acted similarly, but I had to put it in the Budget, the figures have to be totalled up and the gap shown. Therefore, I took this figure of Rs. 15 crores. Now, the dispute is whether it is Rs. 12½ or Rs. 12 crores. It may be more, or one or two crores less, but I do believe that progressively the realisation is going to increase. Year after year I think we should be able to make a crore or Rs. 1½ crores more. So, if Shri Morarka seeks to prove that he is right and I am wrong in my estimation, I will certainly say I am very happy. It is not one of those matters in which my estimation going wrong will displease me. It will please me a lot, because I would like to see more wealth tax collections come in.

Finally I come to the point raised by Pandit Thakur Das Bhargava in regard to the position of the Hindu undivided family here. He raised it also while speaking on the Finance Bill. He quoted two very valuable documents, that is, the report of the Income-tax Investigation Commission and the report of the Taxation Enquiry Commission.

So far as the Income-tax Investigation Commission is concerned, I must, in all humility, tell my friend that I am able to get through the skin of the person who wrote these paragraphs a little better than he could as I happen to know the gentleman, but he has said also in paragraph 65 of the report of the Commission:

"We do not think that it is for us to take considerations of revenue into account in making a recommendation if we are satisfied that a particular course is required or justified by a law or principle."

I want to read it again. The House will please make a note of it.

"We do not think that it is for us to take considerations of revenue into account in making a recommendation if we are satisfied that a particular course is required or justified by a law or principle."

He was a very eminent lawyer, an ex-member of the Supreme Court judiciary. My position is exactly the reverse. Without violating any principle in law or any principle in equity, revenue considerations are paramount so far as I am concerned. If the Income-tax Investigation Commission can take an extremely detached view in regard to revenue considerations in this particular aspect, that is about returns, I am afraid I have not yet reached that stage of detachment. I shall probably do when I cease to be a Minister here. Then I can look upon my own actions as being imprudent. Yes, if I am doing the same thing over again, certainly I would do it better. In that sense whatever I do now might be imprudent one month hence, sometimes even the next day. The element of imprudence in regard to the determination of a particular line of action is always there, but the realisation always comes after the event.

Similarly, I am in exactly the opposite position in regard to the person who drafted this, I believe its Chairman, who says that they do not think that they are compelled in any sense to take revenue considerations into account. All that they are concerned about is the question of law, the question of principle. Well, on that we part company. So far as I am concerned, this is of no use to me so far as determination of the liability of a Hindu undivided family in regard to paying income-tax, wealth tax, expenditure tax or any other tax.

So far as the Taxation Enquiry Commission is concerned, the paragraphs that deal with it are in page 116, from 44 onwards. I would suggest that the matter might be read again. It has a Delphic Oracle character

[Shri T. T. Krishnamachari]

about it in the sense that it is not very precise. It evaluates the rival claims, but does not heavily lean on the one or the other. But I do recognise that there are basic incongruities in the approach of Government in regard to the Hindu undivided family, and I will not for one moment dispute the position taken up by my hon. friend about it. But I remember the days when I was earning some money; I remember when I was very young and I started a business, my auditor said: "Haven't you got children"? I said: "Yes". Then he asked me: "Why don't you class yourself as a Hindu undivided family, and then you get the benefit of exemption on super tax up to Rs. 70,000". Is that so, the auditor says so, and I agreed, but where is the Hindu undivided family. Of course, I got some money from my father; my father's father had no money of his own, and it was not given to me as part of the Hindu undivided family, it was merely the auditor's imagination.

The trouble really was when I parted company with my business and my sons. I found it very difficult to explain to the income-tax officers that we had parted company and a division had been made by metes and bounds, all kinds of documents and other things had to be produced. And having lost my property I had to spend more money on stamp fee, taxation, lawyer's fees etc.

I recognise it is rather inconvenient because so far as the income-tax people are concerned, they only look at it from the tax point of view. If it is right for them to class all these people, lump them together and get the taxation and they get more, well, naturally they would like to get more. If it is easy for them to separate them and thereby some annoyance removed and their position is also safeguarded, they do not mind it. If only one member in the family makes all the money and the other members do not make any money, they are not concerned about it. They will accept the partition as a partition by metes and

bounds. I quite agree that in a decision made by an income-tax officer, the element of the tax revenue is the predominant element in his determination, until you go on appeal either to the tribunal or on matters of law to courts, and the position also, so far as the Hindu undivided family is concerned, is extremely difficult.

What are we doing? We have the Hindu law which has completely taken away the corpus of the Hindu joint family property, and maybe my hon. friend who used to be a supporter of the Hindu joint family at one time is perhaps right in saying let us not recognise it, let us at least for purposes of taxation accept the Dayabagha principle and assess them accordingly.

These are matters which I cannot decide in an amendment. I think he suggested a committee. I do not know when a committee could be appointed, but I can say this, that I agree with him in this matter that this question must be thrashed out both from the point of view of equity and from the point of view of revenue considerations. Because, to me revenue considerations are paramount. To my friend equity considerations are paramount. But there must be a dividing line somewhere which will probably break even, in regard to both these considerations.

As to when we can do it, I am not in a position to hold out an assurance. All that I can say is I see there is a case for an examination afresh and from a new point of view, having in view the changes that have been taking place. This question of assessing them as a firm is not possible. Both the Commissions have rejected the theory. In fact the Income-tax Investigation Commission goes further and says that if a member of a firm is not allowed to draw salary and that is not deducted in income, where is the justification for treating them as firms. Because, that concession does not come in. On the other hand, if we treat them as firms, the family will also

have to pay the firm's tax at one anna, that is 6-1/4 per cent.

So the whole question of Income-tax law will have to be thought of. Some kind of revision is undoubtedly necessary. When it could be done, I am not in a position to say. But when we undertake it I can give this assurance that we shall have this question gone into. Of course, I will plead only my side, that tax consideration must be paramount. It will be open for somebody else to plead that some other consideration should be paramount. But we should not make it a thorny issue year after year, for the Hindu undivided family to suffer or to be discriminated either way. It must be settled in categorical terms. It has to be done. All I can say is: but not yet.

That brings me to the end of my story. I hope the House will accept my motion for consideration.

Mr. Speaker: The question is:

"That the Bill to provide for the levy of wealth-tax as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. Speaker: We will now take the Bill clause by clause.

Clause 2.—(Definitions)

Shri Dasappa: With regard to the amendments to be moved, I want to make some changes.

Mr. Speaker: Very well. What are the amendments?

Pandit Thakur Das Bhargava (Hissar): I beg to move:

Page 2, line 9—

omit "immediate".

Shri Prabhat Kar: I beg to move:

Page 3—

omit lines 21 and 22.

Shri M. C. Jain (Kaithal): I beg to move:

(i) Page 2—

for line 14, substitute :

"(iii) live-stock needed for the raising of agricultural produce;"

(ii) Page 2—

omit lines 18 and 19.

Shri M. R. Masani (Ranchi-East): I beg to move:

(i) Page 2—

omit lines 25 to 27.

(ii) Page 3—

omit lines 15 to 20.

Shri Brij Raj Singh (Firozabad): I beg to move:

Page 2—

for line 14, substitute :

"(iii) live-stock used for purposes of agriculture;"

Shri Dasappa: I beg to move:

Page 2, line 14—

after "animals" add "except race horses".

Mr. Speaker: These amendments are before the House.

Shri Dasappa: Mr. Speaker, I had no opportunity to speak on this Wealth Tax Bill at the earlier stage or when the motion for the consideration of the Report of the Select Committee was taken up. I do not want to deal at length with regard to this, but I would like to say just a few words about two or three points; there are certain other clauses also about which I wish to say something, and I have no time to be here because of the work of the Public Accounts Committee.

Mr. Speaker: The hon. Member need not ask me. He can go on. He can, as a lawyer, make any point relevant to the issue.

Shri Dasappa: I would like to deal only with three points. The first thing is that when the Wealth Tax Bill was moved by the hon. Minister he wanted to give some relief by way of Income-tax to certain slabs. And here I might say that, being a new measure, the various aspects of the Bill and the consequences flowing therefrom might not have been fully within the view of the hon. Minister.

14.17 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

It was something like having a heavy forging, going into the milling shop and the assembly shop and coming out in good shape. I am glad that this Bill which had a fairly rough shape has now come out a vehicle which could be put on the road. And it has been a very happy compromise between the various sections in the House. The very fact that there is such a wide divergence of views is a thing which shows that the happy middle path has been taken. India's history, its culture and philosophy is like a beautiful, variegated floor carpet. Merely because there are different tints in it, different designs in it, it need not be taken that it does not fulfil the purpose. In fact, our whole philosophy has centred round unity in diversity. Our social system being what it is, you cannot describe it as purely capitalistic, or as purely socialistic; it is comprehensive of everything, of all these various systems. So, here, when the Wealth Tax Bill comes, it fulfils a certain purpose in the tax structure of the country. It could have come earlier, but it having come now let us welcome it.

I would also say that our economy cannot be built in the manner in which other dictatorial countries could build them up. We have got to take all the various sections along with us and work out a formula which is most acceptable or, at any rate, which is least objectionable. This measure as it has emerged from the Select Committee is, I claim, one which is

most acceptable or, at any rate, least objectionable.

I wish to refer to one or two points which to me need clarification. The first thing is that when this Bill was introduced, a measure of relief was given by way of Income-tax. That, I consider, was to make this Bill more acceptable on the one hand, and secondly to take away the rigour of taxation on those people who may have to pay the Wealth Tax as well as Income-tax. I quite appreciate this viewpoint but I am unable to understand how the equities could play when those who have no wealth have good enough income. They have a distinct advantage by virtue of this new tax structure.

Let me make it clearer. Those assessees, particularly companies, do need relief by way of income-tax because they have got to pay the wealth tax, but what about those firms or individuals who have no wealth of that sort at all but who, all the same, have very good taxable incomes? That means that while they take advantage of the lower income-tax, slab, they have nothing to lose by way of wealth tax. I do not know whether this aspect was fully considered. There are in this country, as elsewhere, a number of commercial firms which have no assets at all on which they would have to pay wealth tax. They are merely distributing or other agents, but all the same, they make infinitely more money than companies who are running industries.

Shri N. R. Muniswamy (Vellore): They pay only income-tax.

Shri Dasappa: So that today because of this new tax structure, those people who are paying the higher level of income-tax get a distinct advantage under the cover that there is a new Wealth Tax Act. They escape altogether the rigours of wealth tax and do not come under the mischief of it. This is a matter on which I expect the hon. Minister will throw some light because I am judging him not only from his past—he has ample

experience of commercial houses—but also from the fact that he has had now a very good insight into the working of the various concerns—commercial as well as industrial. I would like to know how he is going to see that those commercial firms and houses will pay at least the tax which they were paying prior to the introduction of wealth tax.

The second thing is with regard to clause 5. I have tabled an amendment and I had better speak on that also now because I may not be here when that will be taken up, as I have to attend a meeting of the PAC.

Shri V. P. Nayar (Quilon): I have got the Estimates Committee.

Smt Dasappa: The idea is to exempt tools and instruments of an assessee upto a maximum of Rs. 10,000. I do not want to refer to people carrying on various professions. It may be that there are engineering consultants, marine engineers and mining engineers and so on who may have very costly equipment—tools and instruments—which are a source of profit. I am referring particularly to those carrying on scientific research. We had an eminent scientist like Dr. P. C. Ray; there are eminent scientists like Dr. C. V. Raman who have their own academies with their own scientific equipment where they are conducting research. They are not people who run those institutions except for the labour of love and for giving new inventions to the world. Are they to pay wealth tax if the whole equipment in their scientific academies is to come under the mischief of the Bill?

I am glad the hon. Finance Minister in replying just now said that this was a matter which deserved consideration. I am very grateful to him for having taken a sympathetic view of the matter. I am suggesting now after a great deal of consideration that the tools and instruments which are to be used by the medical profession, those who are

practising as doctors, may be exempted. The fear is that some of these people are making substantial gains and it is not always that they ply their profession on humanitarian considerations. There may, of course, be some people who have such considerations in view. I am glad to hear that the hon. Minister has been pleased to say that where a person is not trying to merely use this equipment for profiteering or making lots of money, there it should be possible for him in the rules to provide that such tools and instruments may not come within the mischief of this Bill. I am happy at that assurance. It can be done by adopting a certain formula to be worked out in the matter of the evaluation of those goods.¹ They do not have much of a sale value. A fine X-ray instrument in my hand could be of no use.

Therefore, I am glad that in the matter of evaluation, he is going to issue suitable instructions so that its value need not necessarily be the book value, but something very much substantially less.

There is only one other amendment, No. 124, on which I would like to say a word. The Select Committee has been pleased to exclude in the definition of assets among other properties, animals also. I quite appreciate the point that cattle, sheep, goats and all those things are certainly assets which should not come within the mischief of the Bill. If it could be confined to this kind of livestock, certainly it would be all right. But when you use the generic term 'animal', even race horses come under that definition. I ask hon. Members whether big millionaires and multi-millionaires who own these horses should be allowed to take advantage of this.

Mr. Deputy-Speaker: It has been asked and answered.

Shri V. P. Nayar: He is an expert on that also. Do not worry.

Shri T. B. Vittal Rao (Khammam): Expert in backing horses.

Shri Dasappa: But still I feel that it should come within the mischief of the Bill. I can see no particular reason for exempting race horses from being treated as an asset. Therefore, I think this is a matter which merits consideration.

By and large, I may say that whatever differences of views there may be here, the measure has come out as a thing, I will say not of beauty, but of great utility. It has got a lot of scope for further increase. As the hon. Minister has said, it is only the 1957 model. After all, each year the model improves. Therefore, I am sure the hon. Minister, the good sarathi that he is, will be able to steer the Bill through successfully and see that our treasury is amply replenished.

Shri Prabhat Kar: My amendment is No. 73, which says :

"Page 3—

omit lines 21 and 22".

In order to see that there is no discrimination between rulers and citizens, we want that this definition that "Ruler means a Ruler as defined in clause 22 of article 366 of the Constitution" should not be there. That is why I have moved for the deletion of that definition.

Pandit Thakur Das Bhargava: With regard to my amendment, I have to submit two points for the consideration of the hon. Minister. The words in the Bill are :

"Provided that the building is on or in the immediate vicinity of the land and is a building which of cultivator or the receiver of rent or revenue by reason of his connection with the land requires as a dwelling-house or a store-house or an outhouse;"

My submission is this. This last condition is a very good condition, that is the building must be used by the cultivator for the purposes of his cultivation or agriculture. This, by itself, is the greatest safeguard so far as the question of protection to the cultivator is concerned. It will not be

misused because you have already made it a condition that it must be used by the cultivator for this purpose.

Now, to insist that this building must be in the immediate vicinity or it must be exactly on the land or farm is absolutely superfluous, I should say. I know, at least in the Punjab—and I have seen other parts of the country also—that usually the buildings are not on farms except in special cases. Usually, they are in the abadi of the village. If two villages are near and if his lands are in one of the villages and the adjoining village is nearer to the field, it is not unusual to find that a man is living in one village and his land is in another village close-by and he lives in that village and goes to his fields for the purposes of agriculture. When you want to give him this concession, do not make it impossible for him to claim it. He is not going to build another house in the immediate vicinity. Ordinarily, people are living in the abadis and if you insist on the words 'immediate vicinity' they will all be deprived of the benefit. It was not intended by us to deprive him of the concession that is given. My submission is that we should consider the main purpose and we should take away that word 'immediate'. If he lives in the vicinity he uses it for that purpose. Vicinity may be one kos or two kos; it may not be 20 kos or even further. I do not know why it should be immediate vicinity. The other condition is enough. I hope the hon. Minister will see that this word 'immediate' is superfluous.

Shri M. R. Masani: Sir, these amendments are consequential to the amendment to clause 3, which is the root of the matter, by eliminating the word 'companies'. If that was done, naturally, the definition of a 'company' and its 'Principal officer' would have to be deleted.

श्री मूर्ख अंबेज़ेर (कैथल) : जनाब हिस्टी स्पीकर साहब, कलाज २ के सम्बन्ध में मैं ने तीन अमेंडमेंट्स दी हैं। सब से पहले मैं यह अर्ज़ करना चाहता हूँ कि कलाज २

४ और ५ इस बिल की जान है। इनमें का एजेम्प्लाज दी गई है। वसाह २ (ई) में कहा गया है—

"assets" includes property of every description, movable or immovable, but does not include—

इस के नीचे कई आइटम दिये गये हैं जिन के बारे में मेरा इस्तलाफ़ है। पहला आइटम यह है—

(i) agricultural land and growing crops, grass or standing trees on such land;

मेरी गुजारिश यह है कि एप्रीकल्चरल लैड को इस एक्ट से एजेम्प्ल नहीं होना चाहिये था। इस सिलसिले में यह एतराज किया गया है कि एप्रीकल्चरल लैड तो स्टेट सबजेक्ट है और वह हमारी लिस्ट में शामिल नहीं है। लेकिन मैं सबमिट करूँगा कि एस्टेट इयूटी एक्ट में स्टेट गवर्नमेंट्स को लिखा गया और बहुत सी स्टेट गवर्नमेंट्स ने एप्री-कल्चरल लैड को उस में शामिल किया और उन को हजाजत मिल गई। यहां भी इस तरह का प्राविजन होना चाहिये था। लेकिन इस बिल में एप्रीकल्चरल लैड के बड़े बड़े मासिकान को बहुत बड़ी रियायत दी गई है, जिसके ये मुस्तहक नहीं हैं।

वसाह २ (ई) (ii) में एक अमेंडमेंट के द्वारा मेरे बुजुर्ग दोस्त पंडित ठाकुर दास भार्गव यह चाहते हैं कि लाइन ६ में शब्द "इम्प्रीजिएट" को निकाल दिया जाय, ताकि मकानात के ओनर्ज को खुली रियायत मिल जाय। इस सिलसिले में मेरी अमेंडमेंट यह है कि इस सारे आइटम को ही निकाल दिया जाय यानी किसी किस्म के मकान को एजेम्प्लाज नहीं दी जानी चाहिये। इस के मुतालिक इस मुद्रित एवान में यह आगया किया जाता है कि ऑक लैड-ओनर्ज उस मकान को एप्रीकल्चरल लैड की प्रोटेक्षन बरैह रखने के लिये इस्तेमाल

करते हैं, इसलिये उस को एजेम्प्लाज मिलनी चाहिये। जो मेम्बरान इस की बकालत करते हैं, वे शायद यह समझते हैं कि इस बिल का असर हिन्दुस्तान के ३६ करोड़ आदमियों पर पड़ने वाला है। यह बड़ी गलत-फहरी है। हकीकत यह है—जोकि मेम्बरान के सामने हर बक्त रहनी चाहिये, लेकिन जो के हर बक्त रहती नहीं है—कि दर-भरस्त इस बिल का असर सिर्फ़ ३६ हजार लोगों पर पड़ने वाला है। जो रियायतें इस बिल में सिलेक्ट करेंटी ने दी हैं, अगर वे सब मंजूर हो गईं, तो ३६ हजार में से चार, छः हजार और निकल जायेंगे और इस बिल का असर सिर्फ़ ३० हजार आदमियों पर पड़ेगा। हम ने पहले ही उन को काफ़ी रियायतें दी हैं और अगर अब और रियायतें दी जायें और कहा जाय कि उनके जो मकानात एप्री-कल्चरल लैड की प्रोटेक्षन बरैह रखने के लिये इस्तेमाल होते हैं, एजेम्प्ल कर दिये जायें, तो मेरे ख्याल में यह बात बे-इन्साफ़ी पर मुबनी होगी। यह रियायत ऐसे लोगों को दी जा रही है, जोकि इस के मूस्तहक नहीं हैं। मुझे जेनरल डिस्कशन के बक्त बोलने का टाइम नहीं मिला और जो कुछ मैं उस के दौरान में कहता चाहता था, वह इस बक्त पूरी तरह नहीं कहा जा सकता है, लेकिन फिर भी मैं यह अर्ज करना चाहता हूँ कि हम को यह सोचना चाहिये कि आखिर हमारा मकसद क्या है। कई मेम्बर स.हवान ने कहा कि इस सिलसिले में हमारा मकसद कुछ रेवेन्यू हासिल करना है। मैं यह कहना चाहता हूँ कि हमारा मकसद महज कुछ रेवेन्यू हासिल करना नहीं है। वह एक मकसद तो है, लेकिन एक दूसरा मकसद भी है, जोकि निहायत ज़रूरी है और वह वह है कि हमारे देश में दौलत में जो डिस्पेर्टी है, जो विप्रमता है, उस को रेड्यस किया जाय—उस को कम किया जाय। भे अर्ज करना चाहता हूँ कि इस एवान ने इस बात को कई बरस पहले ही मंजूर कर लिया है। द्वितीय पंचवर्षीय योजना, जहा

[श्री भू० चं० जैन]

हमारे मकासिद की अचार्या की गई है, वहा
यह साफ़ तौर पर लिखा है—

The essential objective is to secure
rapid advance along democratic and
egalitarian lines. With this parti-
cular approach the second five year
Plan has been formulated with the
following principal objectives:—

उस में चौं। आबजैक्टिव यह दिया हुआ
है—

reduction of inequalities in income
and wealth and a more even distri-
bution of economic power

इनका १- वस लगाने से इनकम की जो ना-
बराबरी है, वह कुछ दूर होती है। हम ने
एस्टेट इक्यूटी एक्ट पास किया था। उस से
एक भवित्व डायरेक्शन में वैल्य की डिस-
पैरिटी दूर होती है। यह वैल्य टैक्स भी इस
मकासद से लाया गया है कि इस देश में
वैल्य की डिस्पैरिटी दूर हो। लेकिन सवाल
यह ह कि वह काम हम एक निरांडली
(gogradly) तरीके से क्यों करते
हैं—हम डरते क्यों हैं। कभी किसी कोने से
दबाव पड़ता है और कभी किसी कोने से
भी हम उस के आगे झुक जाते हैं। आखिर
हम एक सीधे तरीके से क्यों नहीं चलते हैं?
जिस आबजैक्टिव को हम मंजूर कर चुके हैं,
उस की तरफ चलने में हमारे कदम लरजते
क्यों हैं? क्यों इस बात की कोशिश की जाती
है कि जिन सेक्षणों के पास दीलत है, उन
को रियायत दी जाय?

उपायकल भवोदय : माननीय सदस्य अब
खत्म करने की कोशिश करें।

श्री भू० चं० जैन : यह कहा गया था
कि जिन को जेनरल डिस्कशन के बज्त टाइम
नहीं मिला है, उन को क्लारिज पर बोलने
का टाइम मिलेगा।

उपायकल भवोदय : माननीय सदस्य
अमरल डिस्कशन की काइदी ही इस पर बोल

रहे हैं और में वर्दायित कर रहा हूँ, लेकिन
इस बज्त पन्द्रह मिनट मिलना सो मुश्किल
है।

श्री भू० चं० जैन : मैं यह गुजारिश
करना चाहता हूँ कि जेनरल डिस्कशन पर
बहुत सी बातें कहनी थीं। वे अब तो नहीं
कही जा सकती हैं और मैं अपनी बात को बहुत
भाहुदृढ़ कर रहा हूँ। मैं यह जानना चाहता
हूँ कि जो कन्सेशन दिये जा रहे हैं, उन के
दिये जाने में आखिर पासिसी क्या है।

उपायकल भवोदय : कन्सेशन की बात
फिर कह लीजियेगा। उस के लिये फिर
मौका होगा।

श्री भू० चं० जैन : मैं यह अज्ञ करना
चाहता हूँ कि कलाज २ में कुछ एसेट्स
(essets) को एसेट्स शुमार नहीं किया
जा रहा है। इस बारे में मेरा कंडामेंट्स
इस्टलाइफ है। उन आइटम्ज को एसेट्स में
से नहीं निकालना चाहिये। मिसाल के तौर
पर इन आइटम्ज में एनीमल्ज (animals)
को रखा गया है। पहले इस आइटम
को भवित्व रखा गया था, लेकिन अब उस
को खुला छोड़ दिया गया है, जिस का नतीजा
यह है कि उस में रेस-हासं भी आ जाते हैं।
मैं इस बात पर जोर देना चाहता हूँ कि
डिस्पैरिटी को हटाने का हमारा जो मकासद
है, उस की तरफ बढ़ने में हमारे पैर सरखते
हैं।

कलाज 2 (e) (v) में जो कहा गया
है, उस का नतीजा यह होगा कि अगर किसी
भी कैपिटलिस्ट की भरजी हो गई तो वह
अपनी प्राप्ती को किसी के नाम पांच साल
के लिये ट्रांसफर कर देगा और उस का शुमार
किसी भी तरफ नहीं होगा। इस श्राविजन से
टैक्स में चोरी होगी। मैं यह अज्ञ करना
चाहता हूँ कि किसी भी टैक्सेशन में जर को
लाते बज्त इस बात का क्षमाल रखना चाहिये

कि उस में ईवेजन न हो सके। इस बिल को सामने में हमारा एक भास्करदं तो यह है कि वैत्य में डिस्पैरिटी को दूर किया जाय, लेकिन उस के साथ ही दूसरा भक्षण यह भी है कि अभीर लोग टैक्स की ओरी न कर सकें। अगर टैक्स की ओरी बढ़ जाय, तो कोई फ़ायदा होने वाला नहीं है।

इन शब्दों के साथ मैं यह कहना चाहता हूँ कि जो अमेंडमेंट्स मैंने पेश की है, उन को मंजूर किया जाय और सिलेक्ट कमेटी ने जो रियायतें दी हैं, उन को मंजूर न किया जाय।

श्री बृजराज सिंह : उपाध्यक्ष महोदय, मैंने कलाज २' में यह अमेंडमेंट पेश की है—

Page 2,—
for line 14, substitute :

"(iii) live-stock used for purposes of agriculture;"

जो बिल हमारे सामने प्राया था, उस में मंशा यह नज़र आती थी कि खेती के काम में आने लायक जो जानवर हों, उन पर यह टैक्स नहीं लगाना चाहिये। सिलेक्ट कमेटी से यह बिल जिस रूप में प्राया है, उस में तो रेस-हार्सिंज भी इस में प्रा जाते हैं। इसीलिये मैं ने यह अमेंडमेंट रखी है कि केवल उन्हीं जानवरों को एग्रज़मेंट किया जाय, जोकि खेती के काम में आते हों। इस बिल में यह व्यवस्था की गई है कि दो लाख से नीचे की सम्पत्ति पर यह कर नहीं लगेगा। दो लाख से ऊपर की सम्पत्ति वाले प्रायद ही कुछ लोग निकलेंगे, जोकि खेती में काम प्राने लायक जानवर रखते हों। यह व्यवस्था तो सिफ़े रेस-हार्सें बांगरह के लिये है। मैं चाहता हूँ कि "एनिमल्ज़" के बजाय यहां पर इन व्हर्ज को रख दिया जाये—

live-stock used for purposes of agriculture.

उपाध्यक्ष महोदय, मेरी दूसरी अमेंडमेंट नम्बर १५ है, जोकि इसी कलाज के बारे में है। इस के बारे में मैं यह कहना चाहता हूँ कि—

उपाध्यक्ष महोदय : वह तो कलाज ४ पर है। जब हम उस पर आयेंगे, तब माननीय सदस्य बोल सकते हैं। वह अमेंडमेंट इस कलाज पर नहीं है।

Mr. Deputy-Speaker: The hon. Finance Minister.

Shri T. T. Krishnamachari: I am very sorry to say, Sir, that I am not in a position to accept the amendments moved. So far as the amendment moved by my hon. friend Mr. Kar is concerned, it relates to the question of a concession about which I spoke only a few minutes ago. Acceptance of this particular amendment would logically mean the acceptance of other amendments. I, therefore, propose to retain the provision as it came from the Select Committee in this regard.

In regard to livestock, it may be difficult to evaluate them. Secondly, I do not think we should discourage cattle breeding. Supposing somebody has started a dairy farm and has a large number of heads of cattle. Maybe some of them might be valuable. I do not want to stand in the way of stud farms being started, or even breeding of horses. So far as race horses are concerned, as I mentioned, their value is extremely evanescent. The value of a race horse might have gone very high because it had won a race; the next day it breaks its leg and its value goes down. Therefore, it is very difficult to evaluate in such matters.

Having considered this question of animals I might even have to say that I accept this position in regard to animals used for purposes of agriculture. Somebody might keep eight dogs. I might ask what is the pedi-

[Shri T. T. Krishnamachari]

gree of the dogs and might evaluate them at Rs. 4,000. There is a feeling among Members that certain types of activity might be discouraged. Even there, there is a possibility of difference of opinion. I would like people to spend more money on cows and breeding bulls, and even horses. So, it is a matter where revenue considerations are not at all of any significance. I am unable to accept the amendment.

The question of use for agricultural purposes is difficult to decide. The cow may come out of it; only draught bull would be taken into account. A man has twenty cows. Are you going to evaluate them?

An Hon. Member: Domestic animals.

Shri T. T. Krishnamachari: Even a horse is a domesticated animal. If somebody keeps a tiger in Bombay am I to compute that it has got a value? The best way is to leave the animals out; let it be anything. There may be somebody who keeps; reptile. Any restriction is a restriction for the sake of some idea, not for the sake of revenue.

I now come to the point mentioned by Pandit Thakur Das Bhargava in regard to taking away the word "immediate". In fact, as he was arguing this point, I felt he was right. But I find, however, that the wording has been borrowed from the Income-tax Act. Section 2 (i) (c) of that Act says:

"Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind by reason of his connection with the land, requires as a dwelling house, or as a store-house, or other out-building."

The words h l can kept as they are. If I accept his amendment, some distinction has to be made and the

concession that he wants a person to obtain for his wealth tax would be negligible and would be less in the case of income-tax. I have been assured by my officers that if a man lives in a village and has a house with his farm further away, they consider it to be immediate vicinity even if it is a matter of a mile.

I think in actual practice whatever is being done in the case of the Income Tax Act will be followed, and I do not think any hardship will arise. If any hardship arises in regard to this, it is only a matter of construction and I hope my hon. friend will bring it to my notice, or anybody else will let me know the thing. Because of the fact that, if I alter the wording here I shall have to alter the wording in the other Act also, I am afraid, I do not want to expose myself to that position. Therefore, I would ask my hon. friend not to press his amendment.

Pandit Thakur Das Bhargava: Sir, may I say a word on this? This is a question of general principle. There are other amendments also to provisions which are to be found in the Income Tax Act. I want to change them here so that, ultimately, even in the Income Tax Act we may be able to change the provisions. Your ruling is that I cannot give an amendment unless it refers directly to a thing that is proposed in the Bill before the House. If in another Act you find a similar provision which is unjustifiable, which is wrong and is liable to be changed, that is no reason why we should not change the provision here. My other amendments will also be barred if you accept this principle.

Mr. Deputy-Speaker: Objection is not taken that amendments cannot be moved here and discussed. He is only giving his arguments why he is not prepared to accept the amendment.

Pandit Thakur Das Bhargava: That is exactly my point. If the ratio decidendi is that in another act a provision is fundamental and therefore amendment is not acceptable, the

other act should be changed also. I can understand the argument, because everywhere the wording should be the same in cognate Acts. But, if the argument is good in regard to this Bill it is a good argument for changing the provisions in the other Act rather than resisting the amendment itself here.

Shri T. T. Krishnamachari: It is for the House to decide.

Mr. Deputy-Speaker: If the hon. Member can be assured that with the interpretation put on this 'immediate vicinity' a house would be considered as in the immediate vicinity even if it may lie a mile or two away if it is appurtenant to that land....

Pandit Thakur Das Bhargava: I have particularly no objection. But the interpretation was put by Sir Shunmukham Chetty on Section 25A about which I have said already. Today Shri T. T. Krishnamachari is saying this. He understands the situation. He says, if the abadi is one or two miles away he won't mind. Who can say about the future? They may change the interpretation is concerned, I am satisfied and I do not want to put it through.

Mr. Deputy-Speaker: I shall now put all these amendments to the vote of the House. The question is:

Page 2, line 9—

omit "immediate":

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 3—

omit lines 21 and 22.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 2—

for line 14, substitute—

"(iii) live-stock needed for the raising of agricultural produce;"

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 2—

omit lines 18 and 19.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 2—

omit lines 25 to 27.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 3—

omit lines 15 to 20.

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 2—

for line 14, substitute—

"(iii) live stock used for purposes of agriculture;"

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 2, line 14—

after "animals" add "except race horses"

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3—(charge of wealth Tax)

Mr. Deputy-Speaker: Now we go to clause 3. What are the amendments to be moved?

Shri Sadhan Gupta (Calcutta-East): I beg to move:

Page 4—

for clause 3, substitute:

"3. Charge of wealth-tax. Subject to the other provisions contained in this Act, there shall be charged—

(a) at the rate or rates specified in the Schedule for the financial year commencing on the 1st April, 1957; and

(b) at such rate or rates as may be prescribed by any Central Act every other financial year, a tax (hereinafter referred to as wealth-tax) in respect of the net wealth on the corresponding valuation date of every individual, Hindu undivided family and company."

Pandit Thakur Das Bhargava: I beg to move:

Page 4, line 7—

omit "Hindu undivided family".

Shri M. R. Massani: I beg to move:

(i) Page 4, line 7—

omit "and company".

(ii) Page 4—

after line 8, add:

"Provided that the total of the wealth-tax, income-tax and super-tax charged for any financial year in respect of any assessee shall not exceed the total income assessed for income-tax purposes for that financial year of such assessee."

Mr. Deputy-Speaker: These amendments are before the House.

Shri M. R. Massani: My two amendments are Nos. 10 and 11. The first i.e. No. 10 does not need anything more to be said. It is for the deletion of the words "any company" in the charging section. Whatever arguments are to be advanced were. I think, advanced by me yesterday and I have nothing more to say today.

Amendment number 11 seeks to provide that the total incidence of

wealth tax, income tax and super-tax charged in any year on any particular assessee should not exceed the total income assessed for income tax purposes for that financial year. This is in pursuance of the argument that the tax should be on the accrual from wealth and not a capital levy to be repeated every year.

Pandit Thakur Das Bhargava: My amendment seeks to omit the words "Hindu undivided family" in line 7 on page 4. I do not propose at this stage to speak at length on the question whether a Hindu undivided family should be regarded as one in the category of assessable persons. I have had the benefit of hearing the hon. Finance Minister when he spoke in reply to the general debate for consideration. I can understand his point very well. The revenue considerations are supreme. They are not only supreme for him, they are supreme for all of us, as we do want our Five Year Plan to succeed. I would go further and say, even if you want to have capital levy, as you are having it in a measure, I am one for it. As long as the Plan is there let him bring forward any measure. As long as we are convinced that that measure is really necessary for the Five Year Plan, I am one of those who would go full length with him and will not care for any sacrifice from anybody as long as the Plan is to be put through.

The only condition is that first of all he should show to us that, as a matter of fact, all the economies that are necessary are being carried out and, secondly, there should be no waste. However, I do not want to see if anything is necessary or not, I for one will vote for him. So far as this matter is concerned, I am satisfied with the statement of my hon. friend that, as a matter of fact, he will appoint some committee sometime to go into this question because it is a live question. The Taxation Enquiry Commission refused to go into it, because the Succession Bills etc. were there. Previously, Mr. Schuster, Mr.

Slacket, Mr. Liaquat Ali Khan and others told me on all occasions that there is a very hard case of the Hindu joint family. They had a great sympathy for the Hindu joint family. My hon. friend has not gone deeply into the question. He will also have sympathy, but he has not committed himself. All along we have been told this. May I humbly ask him, how long he will continue this agony for the Hindu undivided family? I am not a member of a Hindu joint family, and I have never paid any tax as a member of a Hindu joint family, but I see the inequity of it. Simply because one belongs to a Hindu undivided family one has to pay jazia. This is not a sentimental question at all. If a family has an income of Rs. 4 lakhs and four members in that family, the man will get Rs. 1000.

Mr. Deputy-Speaker: Before the hon. Member gets justice for the Hindu undivided family, the family will go.

Pandit Thakur Das Bhargava: Quite right. That is exactly my point. As I was saying, the monthly income of a member will be about Rs. 1000 after deduction of income tax, super-tax etc. As the same time, if there was another family, a non-Hindu undivided family, every member in that family, if they are all working together, will get Rs. 4000 annually. In a Hindu joint family even labourers, even persons getting Rs. 50 will be taxed if there are four or five members, whereas others will not be taxed. This is inequitous, unfair. That is why I am fighting for it and I would request him to consider it.

Sir, you have just been pleased to make a remark which just reminds me of an old adage:

तातरणाक अज इराक धावरदा शब्द मार
गुर्जीदा मर्दा बद

By the time you get the panacea from Iraq the person bitten by the snake will be over. I agree with our

hon. Finance Minister as I agreed with Dr. Ambedkar who brought in a Bill here for the purpose of liquidating undivided Hindu families. I also agree as a matter of despair....

Mr. Deputy-Speaker: If that is the alternative method of resolving this problem.

Pandit Thakur Das Bhargava: I agree. Sir, all are speaking of co-operation, co-operative banks, co-operative farming, collectivisation and so on. We have got a system in the Hindu undivided family which gives you co-operative insurance against many evils. It is no wisdom to destroy one institution and then go in for others which may or may not come. There is a Sanskrit proverb. It is like this:

यो धुवाणि परित्यज्य अधुवाणं रिशेदत
ध्रुवं तस्य नरायन्ति अध्रुवं न मेव च,

15 hrs.

A person who wants to go after myth or after will-o'-the-wisp is not a wise man, because a certain thing he is losing and an uncertain thing may or may not come. You have got a very good system which was evolved by our ancestors and which has worked well for a thousand years. You want to destroy this, and go about creating other things. I do not know how far you will succeed. Anyway, I know this amendment is not going to be accepted. I therefore do not want to waste the time of the House. Yet, I will submit for the consideration of the hon. Finance Minister one point. After all, he may not do it today, or tomorrow he must do it before the next finance bill i.e. within a year. But he must go into it. What is the use of saying to me and to the entire world, "Well, I accept my friend's case which has to

[Pandit Thakur Das Bhargava]

be gone into. Justice requires it must be gone into, but I won't go into it". This is entirely wrong. On principle it is wrong. I know the revenue considerations are supreme today. And I admire him. As I once submitted before this House, as a commercial Minister he has succeeded. As a Finance Minister he will succeed and succeed in the Plan also. But, at the same time, I will ask him to keep up the tradition of our Congress Government. We want to be just. We do not want to get things through, if there is any injustice involved. I will therefore beg of him to agree to the appointment of a committee if not today, at least within a year. I will be quite satisfied. At the same time, I will rest content. This matter has been before this House for the last about 30 years since I came first to Parliament. From that day, it is hanging fire. My complaint is, whatever had been secured after a struggle of about 28 years, the Finance Minister, by one stroke of the pen, has set it aside. Be that as it may, if it pleases him to do so, let him please himself. I am not complaining, because we want money, but, at the same time, I will beg of him, with all the emphasis and with all the humility that I can command, that he may kindly appoint a committee within a year or so that the question may be finally settled.

Shri Sadhan Gupta: I have moved my amendment No. 92. It reads as follows:

Page 4, for clause 3, substitute,—

"3. Charge of wealth-tax.—

Subject to the other provisions contained in this Act, there shall be charged—

(a) at the rate or rates specified in the Schedule for the financial year commencing on the 1st April, 1957; and

(b) at such rate or rates as may be prescribed by any Central Act for every other financial year, a tax (hereinafter referred to as

wealth-tax) in respect of the net wealth on the corresponding valuation date of every individual, Hindu undivided family and company."

Now, the clause as it stands at present gives the Schedule as the only table of rates for levying the wealth-tax. In respect of a similar tax, namely, the income-tax, the clause provides for the levy of income-tax by a central Act, and we know that every year the Finance Act is passed providing for the rates of income-tax. It is proper that this should be so, because taxes like the income-tax or the wealth-tax or the expenditure tax, for that matter, have to be changed according to the necessities of the particular year to get the amount of revenue that is required to make adjustments in the tax structure that is desired. Here, what we provide is that taxes should be levied according to the Schedule. I know that every year the Schedule might be amended by the Finance Act, but it is better that we follow the same procedure as in the case of the levy of income-tax, in the matter of levy of wealth-tax also.

For one thing the Schedule prescribed here is very unsatisfactory. I can understand that at the lower levels wealth-tax might be levied at lower rates, but I do not understand why at the higher level we should not make the rate progressive and graduated in such a way that we have a considerable revenue from the wealth-tax. I have suggested repeatedly that there is a case for taking away the surplus wealth beyond a certain limit altogether for the purpose of getting revenue as well as for the purpose of getting social equality. Both these considerations are important and none of them is less important than the other. Therefore, as I visualise it, we shall have to—at least in any even if we are true to our socialistic professions—stipulate graduated rates from year to year. For this purpose, it is better that is

regulated by the Finance Act and not by the Schedule because it becomes a very cumbersome thing to have the Schedule amended every time. If you look at the Central Excise and Salt Act or the Indian Tariff Act, it becomes very difficult to know which amendment was passed and when. If you take a book from the Parliament Library, you will find all sorts of slips posted and it will be very difficult to make out which amendment is actually in force and which is not in force. It is better, therefore, that the amendment should be incorporated in the Finance Bill for the current year and you might refer to the Finance Bill itself to look at the table of rates which would apply to the income-tax or the wealth-tax or the expenditure tax or even to the central excises.

Therefore, from all these considerations, from the consideration of being able to graduate the rates steeply in future years, as well as from the consideration of having all these tax proposals and the tables and the rates in the compass of a single Act for the year, I suggest that the levy of wealth-tax should be made by the Finance Act. Of course, for the present year, it cannot be done, because the Finance Act has been passed. For the present year, therefore, the Schedule might be kept up. But, for the future, it should be done with the help of the Finance Act.

I know perhaps the hon. Finance Minister will reply that already he has given some sort of an assurance or denied some sort of a suggestion that he would increase the rate of wealth-tax. But it is equally clear that the country will not accept such an assurance, because the country wants that in a country like ours where so many people are languishing in poverty and are having to bear a heavy burden of taxation, at least the surplus wealth should be taxed before we can ask the people to pay taxes or before we can be asked to agree to a pruning down of the Plan or pruning down certain parts of the Plan. So, even in spite of the assurance, I would

plead that provision must be made for graduating the wealth-tax rates suitably in future years. Even taking the Finance Minister at his word that we have to proceed cautiously, let us make provisions so that we could in future years levy a higher and higher rate of wealth-tax on the excess wealth at the higher strata.

Shri Jhunjhunwala: (Bhagalpur): I had no mind to speak on this clause, but still I want to say a few words, because I had no opportunity to speak during the general discussion. I wholeheartedly agree with the Finance Minister when he said that we have to care more for the targets than for resources. We have to make all attempts to get resources from any quarter we can in order to make our Plan successful.

Many instances of foreign countries where no such tax exists have been quoted. Many hon. friends had said that this is a new tax which is being introduced only here, it is nowhere in the world and so on. But we have to decide independently of what is in other countries. We have to act according to the circumstances as exist in our country.

Mr. Deputy-Speaker: The hon. Speaker said that if any Member who did not speak during the general discussion wanted to speak, he might speak on clause 2 and not under clause 3.

Shri Jhunjhunwala: I made a request at the very beginning that I had no opportunity to speak during the general discussion.

Mr. Deputy-Speaker: He ought to have stood up during the discussion on clause 2.

Shri Jhunjhunwala: Even under clause 3, the discussion is quite appropriate.

Mr. Deputy-Speaker: The hon. Member will say what he has to say in three minutes.

Shri Jhunjhunwala: I shall take five minutes. My hon. friend, Shri Morarka, was quoting the instance of Sweden and said that there is no

[Shri Jhunjhunwala] diminution in the capital; they charge only up to 80 per cent or something like that. I do not remember exactly. To those people who say that they have to pay more than 100 per cent, I shall say that if it is for the good of the country, if it is for the benefit of the human beings in India, in that case I shall request him to give up all his attachment to this wealth and come forward to the Government and say, "Everything is here", for the development of the country.

But there is one thing which I want to say. When the Government and the Finance Minister say that we shall have to find the resources from all sources I have my doubt whether the revenue which he will collect will be spent in the real interests of the country. I wish that our public sectors had fared, if not better, at least to the extent the private sectors have been doing. If that is so, I would have made the suggestion, which I just now referred to, that everybody should be prepared to place all his wealth at the disposal of our Government. But I feel—I have been studying the situation for the last ten years—that no public sector has fared properly and successfully, on the basis of which you can say that you want more taxes.

Keeping this principle in view, I support the amendment moved by my friend, Mr. Masani that the word 'company' shall be excluded from this. Particularly I would say that in the case of a company which consists of small shareholders, those shareholders should not be doubly taxed, once in the company and again as shareholders. The hon. Finance Minister said that the concessions which he has given to this class of people compensate much more than what they have been asked to pay. At least, I am not able to understand in what way he will support his contention. As there is no time, I cannot dialect further on the point.

Mr. Deputy-Speaker: The 5 minutes are over.

Shri Jhunjhunwala: I have placed only two points. One more point I would like to mention, which Pandit Thakur Das Bhargava has mentioned, is about the undivided Hindu family. About this, I will only say, just as you have remarked, simply because it is disappearing, we should not give it up in despair. Though there is no Hindu joint family existing at present, from the point of view of taxes, the sentiment is still there. The moment that sentiment goes, then you and I shall be thrown on the streets and nobody will care for us, just as they are uncared for in America.

Mr. Deputy-Speaker: I am not sure I will die earlier!

Shri T. T. Krishnamachari: My hon. friend, Pandit Thakur Das Bhargava, wanted me to amplify my statement. I am not in a position to say with any precision when we will undertake a revision ...

Mr. Deputy-Speaker: Unless the hon. Minister says it, it would be taken up again and again in the other clauses.

Shri T. T. Krishnamachari: I cannot say a thing which I cannot implement. The revision of the Income-tax Act is a thing which is engaging our attention. Some portion of this work has been remitted to the Law Commission and we expect a report from them. My colleague, the Law Minister, is at the moment engaged in finding out what are the provisions which need looking into by the House, and I think we will have to undertake a comprehensive amendment before long. I have some ideas with regard to particular provisions. When we will be undertaking a comprehensive review of the whole position, I am not able to say. But when we do that, I think that it is probably better even to solve this problem of the Hindu joint family to the extent that is possible.

The legal position is one thing and the practical position is another thing. As the hon. Deputy Speaker himself mentioned, the whole undivided Hindu family is undergoing a lot of changes, but not the least of it is due to the fact that by legislation this House has given certain rights to certain members of the family. It is very difficult for me to give a date; but when I take up this question of revision of the Income-tax Act, I cannot ignore one particular set of provisions which causes a lot of embarrassment. That is all I am in a position to say to my hon. friend, though I do not think it is quite right to say that the Hindu undivided family is so troubled or so worried as it is pictured to be. A joint Hindu family which gets an earned income of Rs. 4 lakhs pays by way of tax Rs. 2,82,000 and it has Rs. 1,18,000 left. But this is a matter which can be examined and found out, whether the question of breaking up the whole system might be better for the individual and probably better for the State itself. I think it has to be investigated. For the present, I am not in a position to commit myself.

Pandit Thakur Das Bhargava: If the revenue considerations demand it, you can do it as soon as possible.

Shri T. T. Krishnamachari: Of course, revenue will be the dominant consideration for making the revision, but other considerations are also there like administrative convenience, convenience of parties and so on. Anyhow, some revision of the law as it stands has to be undertaken and I think that will be the appropriate time for this question also to be examined.

Shrimati Renuka Ray: Why not accept the Dayabhaga system?

Shri T. T. Krishnamachari: So many solutions are offered, but I never believe in short-cuts.

On this question of companies, I do not think Mr. Masani himself has any expectations of any reply. He expects

apparently some reply in regard to the question whether the tax should be 80 per cent of the person's income or not. The point he misses, which I think he is missing often, is that this matter has been completely thrashed out, threadbare by the Select Committee. You cannot tax a person who has got purely unearned income, income on property which is non-yielding and which is not being properly looked after. He ought to take the earned income. If today anybody has earned income, I do not think that the coffers would suffer. There must be a large portion of the earned income and that is exactly what we say today. Do not let people who have a lot of intelligence and who undoubtedly are able to manage their property keep quiet; let them work and let them earn in order to sustain their property. If it happens that the corpus is to be sold, let the person who owns it work and earn money to sustain the property. Sometimes, we work for holding on to something which we like a treasure or something which we do not like to sell. There must be human effort, productive effort if you want to sustain property. It is undoubtedly on the basis of a person who has got no earned income. May be he has property worth Rs. 30 or 35 lakhs and his income and tax liability might more or less tally. That is a contingency which will not happen in actual fact. There is no point in it. We are not thinking in terms of experimenting in a glass case. Human nature is such that a person will work and he will earn if the property is worth while maintaining; he will earn to pay the tax on the property, in order not to sell the property. I do not see why an obligation should be laid on this House that in a matter of maintenance of property, whether it yields money or not, whether it is productive or not, it must be maintained at all costs.

It was said that nobody should pay more than 80 per cent of what he gets on properties which are not well managed, and the law should be such. This question has been thrashed out

[Shri T. T. Krishnamachari]

by the Select Committee. The Select Committee did not think it was right to put any check of that nature. The property must be made to produce if it wants to live. The property owner who is the live representative of the property, must work and make the property produce. It cuts against the very principle that we want all property in the country to produce. To give exemptions of this nature means, *status quo* prevails. If the taxation was as it was before the Finance Bill was accepted by this House, 94 per cent, I do not think any wealth-tax could be collected from the people at the top income-tax slab. I do not think we bargained for anything of that nature. I am unable to accept the amendment.

So far as Shri Sadhan Gupta's amendment is concerned, it is logical. What you do in the case income-tax you should do everywhere else, on the basis that what is sauce for the goose is sauce for the gander. He says, I want to give you power so that you can alter it. But, unfortunately, it is not like the income-tax Act. A tax of this nature is not something which you can change every day. You might change. Nobody says that the omnipotent Parliament should accept for all time to come a suggestion made by an insignificant individual in 1957. It can change. But, let it change in a straightforward manner. Why should it be put in the Schedule of the Finance Bill. I find no particular merit in this. This Income-tax Act is a complicated thing. I do not see any particular merit in putting it in the Schedule. I am not prepared to accept the proposition that any change would be warranted or possible now. Of course, he says that properties should go and we must progressively chop off the tall limbs. It is possible. If my hon. friend imagines himself to be Procrustes, it is a beautiful exercise to call people and tell them, stretch yourself, and then chop off the limbs or stretch the body. I have no Procrustean inclination as the moment. I am content with the Bill

as it stands and I am unable to accept the amendment of Shri Sadhan Gupta.

Mr. Deputy-Speaker: I shall now put the amendments Nos. 92, 9, 10 and 11 to the vote of the House. The question is:

Page 4—

for clause 3, substitute:

"3. Charge of wealth-tax.—Subject to the other provisions contained in this Act, there shall be charged—

(a) at the rate or rates specified in the Schedule for the financial year commencing on the 1st April, 1957; and

(b) at such rate or rates as may be prescribed by any Central Act for every other financial year, a tax (hereinafter referred to as wealth-tax) in respect of the net wealth on the corresponding valuation date of every individual, Hindu undivided family and company."

The motion was negative.

Mr. Deputy-Speaker: The question is:

Page 4, line 7—

omit "Hindu undivided family".

The motion was negative.

Mr. Deputy-Speaker: The question is:

Page 4, line 7,—

omit "and company".

The motion was negative.

Mr. Deputy-Speaker: The question is:

Page 4.—

after line 8, add—

"Provided that the total of the wealth-tax, income-tax and super-tax charged for any financial year in respect of any

assessee shall not exceed the total income assessed for income-tax purposes for that financial year of such assessee."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 8 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 4—(Net wealth to include certain assets.)

Shri Prabhat Kar: I beg to move:

Page 5,—

omit lines 6 to 10.

Pandit Thakur Das Bhargava: I beg to move:

Page 5, line 10—

add at the end:

"and so also the bona fide and genuine transfers effected after the 15th May, 1957 in which absolute rights on property have been transferred shall not be included in the computation of his net wealth."

Shri Braj Raj Singh: I beg to move:

Page 5, line 18,—

omit "for a period exceeding six years or"

Shri Basappa (Tipur): I beg to move:

Page 5, line 8,—

for "the 15th day of May, 1957" substitute "the 1st day of April, 1956."

Mr. Deputy-Speaker: These amendments are before the House. We shall have to accelerate our pace now if we want to finish.

Shri Prabhat Kar: In this amendment of sub-clause 4. Here it has been mentioned No. 74, I have asked for deletion stated,

"Nothing contained in clause (a) of sub-section (1) shall apply to any such transfer as is referred to therein made by an individual before the 15th of May, 1957, and the value of any assets so transferred shall not be included in the computation of his net wealth"

My only point is, if a transfer is bona fide transfer, there are provisions to safeguard against any harassment. If it is mala fide, it does not matter whether it has taken place before 15th of May or after the 15th of May. The Wealth-tax officers should have the right to go into such transfers and find out whether the transfer itself was bona fide or mala fide. Therefore, I would like that this particular clause should not be there. While computing the wealth-tax, the Wealth-tax officials should have the right to go into any transfer that has been made to find out whether it was made for the purpose of evading taxation. I want to move this amendment.

Shri Basappa: Sir, I think it was Shri Nathavani who classified the criticisms in this House on this wealth-tax under two headings: those who say that the Wealth-tax Bill as it has come out from the Select Committee has whittled down and others who say that the Bill has gone too far. I have no hesitation in saying that it is not wrong to say that it has been whittled down to some extent. If only we look at the objects of the Bill, we will find it stated that it is intended not only to bring more revenue to the Government and also to bring about a socialistic pattern of society in this country. Looking at it from that point of view and taking the administrative machinery into consideration, I feel that the income derived will be less.

Again, the concessions that have been given and the exemption made will not also be in the interests of

[**Shri Basappa**]

revenue. Besides that, if we have in our Bill certain loopholes and certain avoidance of tax, then it will go down in value. Therefore, I say, although I respect the report of the Select Committee—I have nothing to say against it—I only say that the report of the Select Committee has been subject to some sort of criticism here. Of course, I have seen reports of Select Committees in the past. From what is seen today, I find that we have to scrutinise this report a little more carefully. Of course, our Finance Minister has said that apart from his personal view, he completely identifies himself with the report of the Select Committee. I do not deny it.

Mr. Deputy-Speaker: Is the hon. Member going to scrutinise the whole report?

Shri Basappa: As you know, I am one of the rare speakers in this House. I have not taken part either....

Mr. Deputy-Speaker: He may try his luck during the third reading.

Shri Basappa: I will not take much of the time of the House. The Finance Minister has moved this House to a very great extent when he said the other day that we must all work here to make the Plan a success. He has given his own example that the day begins at 5-30 A.M. and ends at 11-30 P.M. He has said that the people of this generation owe a duty to the people at large. Without saying much on these aspects, I come to the relevant amendment.

My amendment is simply this. In clause 4, sub-clause (4) the 15th of May 1957 may be substituted by 1st April, 1956. My reason is this. As I was saying, evasion of tax is a very common feature here. We must see that we prevent tax evasion or avoidance of tax. With that purpose in view, clause 4, sub-clause (4) has been brought in to see that there is no mala fide transfer. While computing the wealth of a person, there should be no 'loop-holes'. When the

Bill was first introduced, there was no such sub-clause. The Select Committee, in their wisdom have introduced this sub-clause. Therefore, we have to examine this sub-clause. This restricts the power to prevent tax evasion. Clause 4 wants to prevent evasion. Sub-clause 4 seeks to restrict that right. The reason probably may be, that 15th of May, 1957 was the date on which the Bill was introduced and from that time, we shall consider. I say, this assumption is wrong. People already knew that this Wealth-Tax Bill would come into force. So they have taken steps to see how this tax can be avoided. The capitalists have already transferred so much of their property. All that wealth must be brought in for the purpose of the Wealth-Tax Act. So, I suggest the date "15th May" may be substituted by "1st April 1956". Then we will be able to tax a little more wealth. With much respect to the Select Committee, I say that they have acted wrongly. We have to rectify that. I hope the Finance Minister will agree to my reasonable proposal and will allow the amendment.

Shri M. C. Jain : उपाध्यक्ष महोदय, मुझे यह गिला है कि हमारे फाइनेंस मिनिस्टर साहब जूंकि हिन्दी नहीं समझते इसलिये जब मैं हिन्दी में तकरीर करता हूँ और कोई प्रपत्ति घटेंडमेंट मूव करता हूँ तो उस का वे कोई जवाब नहीं देते हैं और उस से मुझे बड़ी तकलीफ पहुँचती है। लेकिन शायद वे हिन्दी नहीं जानते इसलिये उनकी भी मजबूरी है और इसलिये मैं अपनी बात घंटेजी में कहने की कोशिश करूँगा ताकि वह मेरे व्याप्रदस का जवाब दें।

An Hon. Member: Please talk in English so that the hon. Minister may follow.

Shri M. C. Jain: Before speaking on my amendment to clause 4, I wish to bring to the notice of the Finance

Minister one defect in the drafting of clause (1). It says "In computing the net wealth of an individual, there shall be included...". Only the word "individual" has been mentioned. Even the Karta of a joint Hindu family can transfer the assets. But those assets will not be included if the word "individual" alone remains. There are four items in clause (a). Three items will not be covered; the fourth will, of course, be covered. In the case of the Hindu family, if the Karta transfers interests, what will be the position. Item (iv) says:

"by a person or association of persons to whom such assets have been transferred by the individual otherwise than under an irrevocable transfer".

My point is this. If the Karta of the joint Hindu family transfers a part of his assets to a person or a body of persons then such assets will not be included in the assets of the joint Hindu family and, in this manner, there will be considerable evasion. This is one point which I want to bring to your notice. The amendment of which I am a joint mover relating to this clause reads thus:

Page 5, line 18.—

omit "for a period exceeding six years or".

The Explanation defines an "irrevocable transfer." It says:

"..... 'an irrevocable transfer' includes a transfer of assets which, by the terms of the instrument effecting it, is not revocable for a period exceeding six years or during the lifetime of the transferred."

My amendment suggests the omission of "for a period exceeding six years or". My argument is, of course, simple. The transfer should be irrevocable, not after a period of six years, but immediately and that no such transfer should be excluded.

Pandit Thakur Das Bhargava: My amendment reads:

Page 5, line 10—

add at the end:

"and so also the bona fide and genuine transfers effected after the 15th May, 1957 in which absolute rights on property have been transferred shall not be included in the computation of his net wealth."

I think the hon. Finance Minister will accept the principle that so far as substantive rights in property are concerned—and the right to transfer is one of them—they cannot be controlled, they cannot be nullified by any fiscal measure. As you know, under article 19(f), every person has got a right to hold and dispose of his property, and this right is being practically taken away, or at least unreasonable restrictions are being put upon them by this measure. I know very many cases in which, if this is allowed to remain as it is, very great difficulties are bound to arise. Take the case of a Mohammedan who has to pay dower to his wife. What happens? He cannot pay; or at least there are restrictions upon it. Similarly, supposing there is a settlement at the time of marriage under which the wife is to live with her husband. There is, of course, provision if she wants to separate. But supposing a wife lives with her husband on the basis of an agreement. Suppose that at the time of the marriage it is settled between them that certain properties will be transferred to her afterwards. Even those properties are not allowed to be transferred under this law and, if they are transferred, the transfer will not be recognized as such. Similarly, the property might have been acquired by the joint efforts of the husband and wife and the wife may be entitled to the property. Even that is affected. It is going too far. If there is an attempt to hoodwink the wealth tax authorities and if there is any malice in it, I can understand that. The income-tax officers refuse to recognize it. But in a case where a transfer is

[Pandit Thakur Das Bhargava]

bona fide and genuine, I cannot think of any principle, so far as the Income-tax Act is concerned, whereby the income-tax officer shall say: I will not recognize that transfer. That transfer must be recognized. Otherwise, it means a great restriction on the fundamental right, which has been conferred by the Constitution. If this law is adopted, what will happen to the Succession Act and other similar Acts, which confer certain absolute rights. They will all be affected by this Bill. That means, you are making a discriminatory legislation in favour of the husband so that no transfer can be made to the wife, thereby prejudicing the right of half the population of India. All the wives are entitled to their property. If they get any property from the husband why not recognize the transfer? If it is *mala fide*, don't recognize it. But this right should be there. I hope the hon. Minister would agree to accept my amendment and to do justice to the women in this land and to recognize actual, *bona fide* and genuine transfer.

Shri R. S. Lal (Domariaganj): I want to move my amendments 12 and 20.

Mr Deputy-Speaker: But amendment No. 20 does not relate to this clause. Only amendment No. 12 relates to this.

Shri R. S. Lal: I beg to move:

Page 5, line 8—

for "the 15th day of May, 1957" substitute "the 1st day of April, 1957"

My suggestion is that this Bill should come into operation from 1st April and not from 15th May because that would be in tune with the financial year. Other hon. Members have already supported this and I hope the hon. Finance Minister will also accept this.

Mr. Deputy-Speaker: Amendment moved:

Page 5, line 8—

for "the 15th day of May, 1957" substitute "the 1st day of April, 1957."

Shri Hajarnavis (Bhandara): I want to reply to the point raised by Pandit Thakur Das Bhargava. He said that the section that is proposed to be enacted will contravene article 19 and, therefore, it is likely to be declared invalid because, according to him, it puts a restriction, which is unreasonable, upon the power of transfer. I might bring to your notice that a section like this has already been there on the statute book, namely, section 16 of the Income-tax Act and, though it has been there for a long time, no lawyer and no person affected by such section has yet raised any objection in any court that such a section, by which the husband, wife and minor children, are grouped together for the purposes of taxation is invalid or is in any way hit by the fundamental right under article 19. The proposed section does not in any way restrict the right of transfer. Does it say that if the transfer is made, it will not be valid? Does it say that if a title is created, it will not be recognised? Under the civil law, the title created by the transfer is perfectly valid. No objection can be raised to the title, but for a specific purpose all that the Bill says is that we will regard the husband, wife and the minor child as one taxable unit. Pandit Thakur Das Bhargava who is such a vigorous champion of the Hindu joint family will admit that the husband, wife and the minor child will always live together, and therefore all the property that they have in possession, whether entered in the name of the husband or of the wife or of the minor child who presumably will always be with them, should be regarded as one economic unit on which the tax is imposed. Thus regarded, I think it is a most natural provision of law, and if we did not do it, what will happen is that all the persons in the family would, while

enjoying the advantage of the property together, be able to escape the tax by dividing the title between themselves. Therefore, I submit that the clause is proper.

Shri T. T. Krishnamachari: There is one point raised by Shri M. C. Jain, I do not think there is any substance in it, that there is the word "individual" right on top of clause 4, and therefore the Hindu undivided family would be left out. Actually it does not mean an individual.

Mr. Deputy-Speaker: The hon. Member complained that he was not getting replies for his criticism. When the reply is being given, he is not here.

Shri T. T. Krishnamachari: In regard to clause 4, hon. Members will see that the amendments moved more or less cancel each other. Shri Prabhat Kar wants sub-clause (4) to be dropped so that all transfers made at any time can be questioned, if it is thought to be within the questionable area, and on that basis assess the property that has been so transferred as being property of the assessees. I would certainly say, from a purely personal point of view, from the point of view of a Finance Minister, that there is no objection to that amendment. On the other hand, the amendment as it is which the Select Committee had accepted itself restricts the scope of any question that we might raise in regard to transfer by means of a provision in this particular clause to anything that has happened after 15th May, 1957, which I think is extremely restrictive for this reason that if anybody wanted to transfer property merely because it was said that the wealth tax was in the offing, he had good enough excuse to do so much earlier than 15th May, 1957. Actually at the time when my predecessor was here Mr. Kaldor's report was talked of, and he himself referred to the report in his Budget Speech early in 1956 and there were reports in various papers about the wealth tax being considered by Government, and it was more or less common knowledge that Government were working on a tax of this nature. So, the equities of the situation would

certainly demand an amendment similar to what has been proposed by Shri Basappa being accepted which, at any rate, fixes the time to a time where a transfer could have been made for the purpose of avoidance of the wealth tax. The Select Committee had discussed this matter considerably and they had decided on this particular amendment. From the point of view of the administration, Shri Prabhat Kar's amendment is quite suitable for us, but I do not know if it would be just to question all transfers which had taken place at a time when there was no question of evading this particular tax. I think the time-limit fixed by Shri Basappa is reasonable. I would therefore be disposed to accept the amendment of Shri Basappa in this regard and I will be grateful if Shri Kar will not press his amendment.

The next question is the point raised by my hon. friend Pandit Thakur Das Bhargava. Of course, what he wants is an extension. Of course, the question is whether it is *bona fide* or *mala fide* if the transfer is made to parties which are mentioned in Shri Basappa's amendment provided the House accepts his amendment, or, if they do not, as it is today, unless other considerations are there to show that the transaction was some thing which is completely honest and that there is no intention of defrauding and things of that sort. I cannot see how we can accept Pandit Thakur Das Bhargava's amendment as explained by Shri Hajarnavis.

Pandit Thakur Das Bhargava: With your permission, may I put a question? Supposing the transfer is on behalf of the wife in favour of the husband, what would happen? Would that be good or bad?

Shri T. T. Krishnamachari: It all depends upon the intention. The mere fact of a transfer cannot be said to be good or bad unless we know the intention for the transfer, why it

[Shri T. T. Krishnamachari]

was made. If the transfer was made, or in effect operates in mitigation of the tax claim, I think the transfer from the point of view of the Wealth Tax Act would be a bad transfer, but I cannot take up a case and judge it to be good or bad without the other circumstances that follow.

The other suggestion was made by Shri M. C. Jain in regard to omitting the period of six years from the explanation. Again, this is a matter in which the Government would probably have welcomed this amendment, but I do feel that since again this is a matter which has been very much discussed in the Select Committee I should suggest to my friend not to press it. If we find anything of this nature really retards our being able to collect the requisite income, we can think over the matter again. For the time being I should ask him to forgive me if I say I am unable to accept any amendment other than that of Shri Basappa.

Mr. Deputy-Speaker: Then amendment 13 is accepted?

Shri T. T. Krishnamachari: I am willing to accept it provided the House gives me permission.

Mr. Deputy-Speaker: Then I put amendment 13 to the vote of the House. The question is:

Page 5, line 8—

for "the 15th day of May, 1957" substitute "the 1st day of April, 1956"

The motion was adopted.

Mr. Deputy-Speaker: Then I come to the other amendments.

Shri Prabhat Kar: In view of the amendment that has been accepted, I shall not press my amendment 74.

Mr. Deputy-Speaker: Is it the pleasure of the House that he might have permission to withdraw.

Hon. Members: Yes.

The amendment was, by leave, withdrawn.

Mr. Deputy-Speaker: Now I put amendments 12, 14 and 15. The question is:

Page 5, line 8—

for "the 15th day of May, 1957" substitute "the 1st day of April, 1957."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 5, line 10—

add at the end:

"and so also the bona fide and genuine transfers effected after the 15th May, 1957 in which absolute rights on property have been transferred shall not be included in the computation of his net wealth."

The motion was negatived.

Mr. Deputy-Speaker: The question is:

Page 5, line 18—

omit "for a period exceeding six years or".

The motion was negatived.

Mr. Deputy-Speaker: The question is:

"That clause 4, as amended, stand part of the Bill."

The motion was adopted.

Clause 4, as amended, was added to the Bill

Clause 5—(Exemptions in respect of certain assets)

Shri Narayanan Kurty Menon: I beg to move:

(i) Page 5—

after line 25, add:

"Provided that the assessee does not derive any monetary relief therefrom."

(ii) Page 5—

omit lines 23 to 36.

(iii) Page 7—

omit lines 5 and 6.

Shri Prabhat Kar: I beg to move:

(i) Page 5—

omit lines 28 to 32

(ii) Page 6, line 15—

after "wearing apparel" insert "jewellery".

(iii) Page 6, line 17—

after "assessee" add:

"subject to a maximum of twenty-five thousand rupees in value".

(iv) Pages 6 and 7—

omit lines 34 to 37 and 1 to 4 respectively.

(v) Page 7—

omit lines 26 to 31.

Shri Sadhan Gupta: Sir, I beg to move:

(i) Page 6, line 17—

add at the end:

"subject to a maximum of five thousand rupees in value."

(ii) Page 6, line 17—

add at the end:

"subject to a maximum of ten thousand rupees".

(iii) Page 6, line 19—

add at the end:

"subject to a maximum of five thousand rupees".

(iv) Page 7, line

add at the end:

"subject to a maximum of five thousand rupees".

(v) Page 7, line 6—

for "twenty-five thousand, rupees" substitute "five thousand rupees".

(vi) Page 7, line 10—

add at the end:

"subject to a maximum of five thousand rupees in value"

(vii) Page 7, line 10—

add at the end:

"subject to a maximum of twenty-five thousand rupees in value".

(viii) Page 7—

omit lines 21 to 25.

(ix) Page 7, line 25—

add at the end:

"subject to a maximum of ten thousand rupees in value".

Shri S. Ghose (Burdwan): Sir, I beg to move:

(i) Page 5, lines 24 and 25—

for "for any purpose of a charitable or religious nature in India" substitute "exclusively for charitable and religious purposes on public character".

(ii) Page 6, line 18—

after "implements" insert "including tractors".

Shri Braj Raj Singh: Sir, I beg to move:

Page 5, line 22,—

add at the end:

"provided that the total value of the assets exempted under items (iii), (iv), (vi), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv) and (xviii) of this clause shall not exceed Rs. 50,000 in any case".

Shri M. E. Masani: I beg to move:

(i) Page 5—

for lines 33 to 36, substitute:

"(iv) one house belonging to the assessee exclusively used by him for residential purposes."

[**Shri M. R. Masani**]

(ii) Page 6, lines 26 and 27—

omit "subject to a maximum of ten thousand rupees in value".

Pandit Thakur Das Bhargava: I beg to move:

(i) Page 5—

after line 36 add:

"(ivA) one building in the occupation or ownership of every assessee used by him and his family as the dwelling house."

(ii) Page 7, line 8—

for "twenty-five thousand" substitute "twelve thousand and five hundred".

(ii) Page 7, line 6—

add at the end:

"and in case the assessee is an undivided Hindu family subject to a maximum of twenty-five if the family consists of two coparceners and to a maximum of thirty-seven thousand five hundred if it consists of more than two coparceners."

Shri Siddiah (Mysore—Reserved—Sch. Castes): Sir, I beg to move:

Page 5—

omit lines 28 to 36.

Shri Shankaraiya (Mysore): Sir, I beg to move:

(i) Page 5, line 28—

for "any one building in the occupation of a Ruler" substitute:

"any one building other than a State Property belonging to the Ruler exclusively used for residential purposes by him".

(ii) Page 5—

for lines 33 to 36, substitute:

"(iv) one building belonging to the assessee used by him for his residential purposes;"

Shri M. C. Jain: Sir, I beg to move:

(i) Page 7, line 10—

add at the end:

"Wealth-tax shall not be payable on such certificates but the value of any such certificates so exempted shall be included in computing the net wealth of the assessee".

Shri Nathwani: Sir, I beg to move:

Page 6—

omit lines 1 to 4

Shri S. V. Ramaswami (Salem): Sir, I beg to move:

(i) Page 6, line 27—

for "ten" substitute "twenty".

(ii) Page 6—

after line 27, insert:

"(via) Instruments and other apparatus used by the assessee for purposes of scientific research."

Mr. Deputy-Speaker: These amendments are before the House

Shri V. P. Nayar: Sir, before I speak on the amendments, may I seek your permission to offer a word of personal explanation in respect of the observation of the Chair about me yesterday? Sir, while I was not in the House, the Chair made the observation that I had tried to hit the Finance Minister without any justification. I want only to submit to you that at the time when I came into the House I had actually seen the Finance Minister taking one of the most important officers of a news agency and conversing with him. I thought that was not a matter which was more important than the business of the House, and therefore I wanted it to go on record. I have nothing more to say about it.

Speaking about the amendments I would say that I support.....

Shri T. T. Krishnamachari: May I ask if the hon. Member says that it is a justification for him to characterise somebody else's conduct as impertinent? I am told that it is an unparliamentary word.

Shri V. P. Nayar: It is not.

Shri T. T. Krishnamachari: If it is a question of using unparliamentary language, I suppose many people can use it. But what has it got to do with my talking to somebody outside? Am I governed by a code in which I cannot talk to anybody without my hon. friend's permission and he must characterise my conduct as something which is not pertinent?—to use a parliamentary language.

Mr. Deputy-Speaker: So far as this question whether the word is parliamentary or not is concerned, I think no further decision on that is required. Because, yesterday I had made the observation that irrespective of the fact whether it is parliamentary or not—and, in my opinion, in the context in which it was used, perhaps it may not be unparliamentary—even then, it is not only unparliamentary words that are not to be used; there is a code of conduct prescribed here that there are even other words which should not be used. Therefore I took that exception and said that it was not justified. I had said that and therefore there was nothing more required on my part.

Now Mr. Nayar has said that he had seen the Finance Minister and because he was busy talking with some representatives of the Press, therefore he had to make that remark that it was not as important as the business in this House. This is his explanation. But this has nothing to do so far as the Minister is concerned. I had made the remark that the Minister might have been busy in some more important work and therefore without ascertaining what the Minister had been doing there and without knowing whether there was something very important which could not be avoided, the hon. Mem-

bers should not make such remarks in the House. That was my objective. So, that matter should be considered as closed now. There is nothing more to be said on it.

Shri A. K. Gopalan (Kasargod): Sir, I wanted to intervene in this context, because I want to raise it also. I did not want to raise it today, but I certainly wanted to raise it.

I just now went and saw the report of what the Finance Minister had said regarding Shri Narayananarkutty Menon. If the Finance Minister would only go and read what he had said, he would feel sorry. If he sees the paragraph relating to "conception" and "conceive", it will be understood.....

Mr. Deputy-Speaker: All that was said on previous occasions cannot be taken up at present.

Shri A. K. Gopalan: But if the Finance Minister thinks that what he has said is correct, I wish to say that I saw today what he has said

Mr. Deputy-Speaker: I think he should not interrupt the business.

Shri A. K. Gopalan: Then we will take it tomorrow.

Mr. Deputy-Speaker: I do not make this promise that I will take it up tomorrow.

Shri V. P. Nayar: Sir, I do not wish to continue that subject. My only intention was to apprise you of the actual situation.

I support the amendments moved by Shri Narayananarkutty Menon, Shri Sadhan Gupta and Shri Prabhat Kar about the exemptions granted to the princes. This morning we heard the Finance Minister interpreting the Constitution and saying that long before Mr. Menon had occasion to go through the Constitution, he had himself been responsible for drafting a very substantial portion of this particular provision. I grant that Some of us who had been here had

[Shri V. P. Nayar]

occasion to go through the debates on the Constitution itself and we have also recognised the role which the Finance Minister had played. He said that he had done very hard work on that. I grant it. But doing very hard work does not help in the least for an understanding. Otherwise, if we were to extend the same logic, one should also argue that the beasts of burden are the best to understand. I want to leave it there.

Why is it that the bogey of constitutional impediments are raised off and on?

15-58 hrs.

[SRI BARMAN in the Chair]

The hon. the Finance Minister knows that no such interpretation of the Constitution can be given in fairness to the wording of the Constitution. Article 362 is being cited as an impediment to bring within the competence of this Bill the class of Rulers. What is article 362? I do not want to discuss all the details, but it is abundantly clear from the wording of this particular article that it only wants that due regard shall be had to the guarantee or assurance.

I have before me the White Paper by the Ministry of States on the various agreements. I do not find a single provision in any of the agreements with any of the princes which would take such a step outside the competence of legislation by this House.

Then he also said that it was not possible to have an estimate of the wealth held by all the ex-Rulers. I was surprised to hear that. It was only yesterday or day before yesterday when I asked a specific question about the cash securities and cash balances held by the princes that my hon. friend the Minister in charge of the Ministry of Home Affairs said that every ex-Ruler had reported as long back as 1949 about their holdings.

16 hrs.

In the Home Ministry they have all the information about the holdings. Yet the Finance Minister comes and tells us that he has had no occasion to compute the wealth of the princes. I also find that it is not merely available; it was mandatory on the princes by virtue of a provision in the agreement. I do not want to tire the House, but here is an agreement with H. H. the Maharaja of Mysore regarding privy purse, private property and rights and privileges. It is stated on page 387 of the White Paper:

"The Maharaja will furnish to the Government of India before the 23rd January, 1950, an inventory of all the immovable property, securities and cash balances held by him as such private property."

I suppose all princes of States which had merged with the Union were compelled to do so by virtue of certain provisions in the agreement. Where then is the difficulty to assess the wealth? The Finance Minister said that it was not possible. That is why we say here that the Government has a soft corner when the question of Rulers comes.

I can give another instance. It was not long ago that the hon. Home Minister gave us some idea when a question was put to him about contributions to the national loans by the princes. He said that Government will not disclose it, but he said—I can assure hon. Members that the total contribution is not a considerable sum'. What are we to take from this? It is a very simple proposition. Here are a class of people whose wealth in every detail ought to have been known to Government. Whether in the inventories they have submitted to Government, they have completed all the information or no, is not a matter for me. But the hon. Finance Minister should not tell us in this year, long after the inventories

had been submitted, according to the version given by another Minister—though he would not disclose the total figure because such a disclosure of the total holdings, whether in cash balances, securities or otherwise, might prejudicially affect the public interest according to him;—that is a different matter—that he could not have any estimate prepared.

I would also submit that this attitude should not be continued in the interest of the revenues of the State. A palace of one of the ex-Rulers may be worth so many lakhs—it may run into several lakhs of rupees. Are we going to give him exemption for that? It is not as if we are taxing people whose capacity for paying tax has been broken. It is certainly a tax on a section which can afford.

I do not want to go into the merits or how the Rulers have to be taxed more. That is not the point. But in such a situation as we are today, there is no case at all for the Finance Minister to exempt a class of persons who could very easily pay the tax which, in its incidence is, after all, very small.

Then take the case of heirlooms also. The value of these heirlooms can never be computed. May be the Finance Minister may say that it is all unproductive, we are not very much concerned about it. But why is it that they have these also exempted?

I submit that the House should reconsider this point, and having regard to the fact that we require to pool all our resources, we must amend the clause and should not give any exemption to the princes as a class. For suggesting this, the hon. Finance Minister might get up and say that we are enemies of the Plan—or suggesting ways and means by which he should raise more money from people who can pay! We are accused of being enemies of the Plan for making such suggestions. He forgets that if he wanted to see who his enemy was, it was better for him first to go

to a mirror, and there he shall behold enemy No. 1 of the Plan. Thank you.

Shri Narayananarkutty Menon: As regards the amendments standing in my name along with that of Shri Sadhan Gupta's, I will speak only on amendment No. 94 which seeks to add after clause 5(1)(i) a proviso that the assessee does not derive any monetary relief therefrom.

I have tabled this amendment because of a very apprehension at the wording of clause 5(1)(i). This leaves a loophole for evading this tax by the so-called trust that is in existence today. I submit this amendment also because of the fact that in the nature of the law of trust prevailing in India today concerning trusts and charitable institutions, there may be a large avenue for evading the tax. As primarily the point has been accepted that the wealth of charitable institutions, if they are charitable or religious institutions, should not be taxed, I think the hon. Minister will not mind adding a safeguard against any possible tax evasion. As we see the interpretation that the Minister gave to article 362 of the Constitution, I am all the more afraid that many more interpretations may come in as far as clause 5(1)(i) is concerned; in order to avoid all that, I seek to add a safeguard in terms of my amendment after clause 5(1)(i).

Another aspect I want to refer to is in respect of item (iv) of sub-clause (1) of clause 5 which gives exemption to a house in the municipal limits. As we have already given a series of exemptions in terms of furniture, jewellery and all other aspects and we have retained the minimum slab at Rs. 2 lakhs, it is our view that a person who has got a net wealth of Rs. 2 lakhs could afford to pay a little tax on his house. What is more, it may become dangerous; a house in itself will become very costly and in the name of the house, there may be large-scale evasion. Rs. 2 lakhs in India is a very reasonable amount we are going to accept as the minimum slab. Over

[**Shri Narayananakutty Menon]**

and above this, if a free house in the municipal limits is also allowed, in the normal course very easily especially in the cities, the cost may swell and the exemption may be raised to Rs. 8 lakhs. Therefore, if the principle of Rs. 2 lakhs exemption is accepted, I submit that the total exemption given to a house in the municipal limits should be excluded.

Before I conclude, I once again request the Finance Minister to accept my amendment to clause 5(1)(i). It is only as a safeguard in respect of a principle we have accepted, and it is also the intention of the Select Committee as expressed in their Report.

Shri Prabhat Kar: I will only deal with clause 5(1)(ix) which deals with furniture, household utensils, wearing apparel, provisions and other articles intended for the personal or household use of the assessee. My amendment is that the original clause should be retained. In view of the limit being kept at Rs. 2 lakhs and in view of the other exemptions that have been granted, the original clause should remain—that is, furniture, household utensils, wearing apparel, jewellery, provisions and other articles intended for the personal or household use of the assessee, subject to a maximum of twenty-five thousand rupees in value. I hope the Minister will accept it.

I next want to speak on item (xxi) of sub-clause (1) of clause 5. I have asked that that portion of the exemption should not be there. In view of the role that industrialists have been playing for the last few years even after our independence, I am quite sure there is no need for granting them any exemptions in relation to any investment that they will make in other organisations or to create other subsidiary companies. Their role has been to acquire as much of profit as they can. In acquiring profit they never cared for the national interest. Today there is no reason why, in imposing heavy taxation,

there should be any exemption for them. That is why I object to this particular provision.

My suggestion is that they have not played their part well in the past and there is no possibility of playing a good role to help national economy in future. There is no reason why Government or the country should grant them exemption.

Already, while we were generally discussing the Wealth Tax Bill, I have pointed out how huge amounts of wealth can go out of the scope of taxation by this particular concession. Therefore, I move this amendment, with the hope that the Finance Minister knows perfectly how these companies are run, and how they have been evading taxes. He did not contemplate any exemption of this type in the original Bill. In view of the increase in expected revenues which are so badly needed, this particular provision should not be there and this exemption should go. With these words, I commend my amendment.

Shri Sadhan Gupta: I am speaking on the amendments which stand in the joint names of Shri Menon and myself as well as on the amendment standing in my own name. The most important of our amendments relates to the omitting or curtailing of the concessions given to rulers. There are other amendments also. I shall refer to them briefly but that, on principle, is the most important amendment which we are moving to this clause.

First of all, there is sub-clause (iii) relating to the exemption of the official residence of the Rulers and then sub-clause (xiv) regarding the jewellery in the possession of Rulers which are not supposed to be their personal property or are recognised as heirlooms.

This amendment regarding the property of the Rulers I move without making any apology, though I know the Finance Minister may call me a

Procrustes or say that I am making political capital out of it. I am not sorry to be a Procrustes because he accuses me of being a Procrustean as I want to chop off the taller limbs of society as he puts it. But, I wonder whether he realises that Procrustes had a double function. Procrustes operated in two ways either by chopping off part of the taller persons or by pulling a shorter man to fit the bed till he died. If the Finance Minister thinks that it is better to pull a short man who is a pigmy by under-nourishment, a man who finds it difficult to maintain himself, if he could be pulled on a rack to fit the bed, I do not see why we cannot chop off certain parasites to fulfil the needs of society. I make still less apology because the stature of those persons is due to a very luxuriant over growth on their part, which if we chop, they will fit very easily into the bed without any great danger to their existence. But, in the other case, when the Finance Minister applies the rack to the common man by taxing his sugar or edible oil and so on and so forth, it is quite different. It goes to the very root of his existence. Therefore at least my Procrusteanism has a social justification while his Procrusteanism is disastrous.

Regarding political capital, I do not want to say very much except that it seems the Finance Minister has a knack of seeing his own image in everybody else Shri Nayar asked him to go to the mirror and behold something. But, unfortunately he imagines that we are all his mirrors at least on this side of the House.

As regards the Rulers I do not see why the official residences should be exempt or why the heirlooms or jewellery should be exempt. It may be said that they are unproductive. But that is not a convincing argument because so many things are being taxed and so many assets are being included in net wealth which may be unproductive. A residential house is not productive. Often it may

happen that the house may not fetch the value which it is supposed to have in the market because of some defects in construction and so on and so forth. We did not grudge that because the exemption limit is to be high. There is an exemption limit of Rs. 2 lakhs. In the case of the Rulers there is this further argument to advance that they have an income-tax free privy purse which other persons do not possess. Others have to pay taxes on their incomes as well as on their wealth while the Rulers do not have to pay taxes on their incomes.

The Constitution has been brought into service by the Finance Minister for the purpose of justifying this concession. I wonder what reason he has to put this interpretation on the Constitution, that article 362 of the Constitution requires the official residences of the Rulers and the heirlooms to be exempted. It refers specifically to 291. And, article 291 says nothing more than exemption of the income from taxation.

On several occasions the Constitution has been violated. We remember one occasion when in spite of the provisions of the Constitution it was provided in the Preventive Detention Act, in spite of the right of habeas corpus guarantee in the Constitution it was provided that the disclosure of grounds would be penalised by a penalty and the Supreme Court set it aside. There are many occasions on which Parliament has taken risks and enacted laws which have been set aside by the Supreme Court or other High Courts. On this occasion, the risk is certainly very much less and it is worth taking. This defence of the Constitution is absolutely useless because at any time when the Finance Minister wants it or his party wants it, a suitable amendment may be introduced in the Constitution. I would say an amendment is not necessary because nothing in the Constitution requires exemption.

On other occasions we had taken risks and had provided things which

[Shri Sadhan Gupta]

had been overruled. So, on this occasion too we can take risks. But even supposing that there is a risk and it should not be taken, then for the needs of our country an amendment should be brought. Amendments have been brought to restrict the freedom of speech, to restrict civil liberties which the country highly values. I do not see why amendments should not be brought to do away with fetters which are inequitous with a vengeance and to enable us to draw from sources which eminently deserve to be drawn upon, because our people are so impoverished. Therefore, this explanation of the Constitution is absolutely unconvincing.

Now let us pass to the other amendments.

Mr. Chairman: We have to finish this Bill today. So many hon. Members have tabled amendments to this clause. I would therefore request the hon. Member to be brief.

Shri Sadhan Gupta: I shall be brief.

Now my amendment No. 99 is to fix a maximum ceiling limit on furniture, household articles and utensils. There are two alternative amendments: 99 and 100. 99 proposes that a ceiling of Rs. 5,000 be fixed; 100 proposes that Rs. 10,000 be fixed. There is no sense in allowing furniture, utensils, etc., to an unlimited extent. The result will be that all the wealth which might be taxed might be converted into exempted categories. Similarly, regarding tools for raising agriculture. We know that farmers do not use tools of a very high value. Therefore, it is no use exempting every kind of tool. We can fix a ceiling limit. For instance, we do not want to exempt a person who uses numbers of tractors for the purpose of capitalist farming. Therefore, tools and implements for agricultural purposes should be limited by a ceiling of Rs. 5,000 which is enough for any ordinary farmer whom we wish to protect.

Amendment No. 106 relates to hair-looms about which I have already spoken. In regard to amendment No. 109 I want to omit the exemption given in the case of Ten Year Treasury Certificates.

Mr. Chairman: This amendment is not in order. Under our constitution any amendment which seeks to increase a tax proposed in a Bill is ultra vires. So, amendment No. 109 is not in order.

Shri Sadhan Gupta: Any way the Finance Minister can at least be persuaded to accept the principle of the amendment. At least the amount of these treasury certificates may be fixed, say, at Rs. 5,000 or Rs. 10,000.

These are the amendments which I wish to move and I hope that the Finance Minister will still have the wisdom to listen to the wishes of the country, in respect at least of the rulers. Let him not brush it aside by saying that we are making political capital out of it. Let him ask people of his own party what they feel about these exemptions and I am sure the majority of them will say that they feel the same way as I do. I would also offer him a sporting challenge, if he will accept it. Let there be a free vote and I think it will be my amendments which will be carried and the Finance Minister will be in a minority in a free vote.

Pandit Thakur Das Bhargava: My amendments are:

Page 5—

after line 36 add:

"(ivA.) one building in the occupation or ownership of every assessee used by him and his family as the dwelling house."

Page 7, line 8—

for "twenty-five thousand" substitute "twelve thousand and five hundred".

Page 7, line 6—

add at the end:

"and in case the assessee is an undivided Hindu family subject to a maximum of twenty-five if the family consists of two coparceners and to a maximum of thirty-seven thousand five hundred if it consists of more than two coparceners".

Before I begin my speech I want to make one or two observations which are extraneous to the amendments. I am extremely sorry and I feel grieved by the language used by Mr. Nayar in respect of the hon. the Finance Minister. He was probably not here in 1947 when we were framing the Constitution and cannot fully appreciate the amount of industry and the amount of intelligent work the hon. the Finance Minister brought to bear on the making of the Constitution. We are all very grateful to him for the work that he did, and when an hon. Member uses the expression "beast of burden" we feel very much aggrieved. I do not know what the reaction of the hon. the Finance Minister is. He has probably got the skin of a rhinoceros—every politician should have that, it may be a matter of give and take for him.

I feel it very much that we Members of this House should use language against each other which is not dignified. I wish that every Member, whether on this side of the House, or on the other side, should use language which is dignified and which is not unworthy of a Member of this House. I feel it is our duty to use such words as are conducive to the dignity of the House. In anger we may say something; but at the same time we should have the courtesy to see that in cooler moments we withdraw them. I myself yesterday said that the hon. the Finance Minister was guilty of discourtesy. In the heat of the moment I did say that. At the same time when it was explained to me that as a matter of fact it was due to want of time that he could

not, I was sorry that I used that expression. I do not want that in this House any of us should say anything which injures another Member of the House.

So far as Ministers are concerned, we have a right to criticise them, but we should not criticise them in a personal way and to say that a beast of burden does as much work as any other person is not right. I would beg of my hon. friend Mr Nayar not to use such language. It may not hurt him. He is a strong man. But it hurts me a great deal to hear this language being used in respect of a man who has served us so faithfully.

Shri Nagi Reddy: That was with reference to the lapse of the Finance Minister yesterday.

Pandit Thakur Das Bhargava: That chapter was closed and there was no occasion for giving this analogy.

Mr. Chairman: The hon. Member may now deal with his amendments.

Pandit Thakur Das Bhargava: I now come to my amendments.

I am anxious that one dwelling house for every assessee should be exempted from this tax. We find that the rulers have been allowed one building and one house has been allowed to persons who have got a house situate in any place with a population not exceeding 10,000 and which is more than five miles distant from any area for which there is a municipality.

So far as the question of rulers is concerned, I submitted yesterday with your permission and I want to repeat it that I am in favour of giving this exemption to the rulers. We who know the happenings of 1947 know what sacrifices the princes made and what patriotism they showed in entering into these covenants abjuring all the rights of rulers as such. Without their cooperation we could not have consolidated India.

Shri Sadhan Gupta: They were there with the protection of the British Government.

Pandit Thakur Das Bhargava: My hon. friend fully knows that when the British left they gave the 564 States which were then sovereign freedom to do as they liked. All of them entered into agreements. Can we forget those days and not attach any sanctity to those treaties the spirit behind them.

Shri C. D. Pande (Naini Tal): It is a question of moral obligation.

Pandit Thakur Das Bhargava: So far as the Constitution is concerned, Article 291 may not apply; article 362 may not apply so as to compel us to allow these exemptions.

Anyhow, apart from that, I am of the opinion that the Select Committee has acted very wisely in giving this exemption to the rulers. After all, this adds to the dignity of the rulers. If a ruler lives in a particular house, then also he is entitled to have the concession which I want that every assessee should have. If a ruler is living in a particular residence which can be declared as his official residence, what is wrong in exempting it? In regard to the expenditure tax bill also I understand that some general concession has been given to those who live in a particular style, so that they may readjust themselves to the changing circumstances.

The Estate Duty Act is there. Where will they go. When they die all these properties are again to be taxed. Therefore, there is no harm if we allow this exemption to rulers. If the palaces are to be constructed today, each one of them would cost crores of rupees. But they won't fetch that amount in the market. Considering all these things I am happy that the Select Committee has made this provision.

I am still more happy that they have also considered the case of others to whom also they have given some concessions, but I am not impressed by

the restrictions put on it. Why do you discriminate between a person who owns a house five miles away from municipality or within those five miles. I do not understand any point of distinction in that. I know of persons who have got houses within five miles worth several lakhs. I know of a greater number of people owning houses in the interior worth lakhs of rupees.

My humble submission is, every assessee should be given this exemption. The reason is, the Government, usually the Rehabilitation Ministry, does not at all think that there is a characteristic in every human being which is called 'inhabitiveness'. A man becomes attached to the place where his father died, where a child was born or some other incident happened. Everybody loves the house in which he lives. I should think that the Government should see that every person owns a house, not even hires or occupies a house, but owns a house. It will be a good idea and Government will be well justified in keeping it as a policy. Every person must own a house and live in it, because it not only adds to his dignity but satisfies a certain characteristic in human beings which is very necessary.

When it is the avowed object of the Government to give every person a house, shelter and food—these are the three things which all of us want that every individual in this country may secure—in recognition of their policy they ought not to discourage those who have got buildings of their own. Therefore, I would like that instead of sub-clause (iv) the amendment that I am submitting may be accepted and this clause may be amended.

As regards my two other amendments, numbers 31 and 32, I beg to submit in my own way of thinking that this exemption up to Rs. 25,000 for jewellery is too much. After all, what is the use of this jewellery. So much capital is blocked and there is no return. I do not say that the ladies are not justified in having their jewellery, but let it be reduced. I have, therefore, submitted in this

amendment that the amount may be reduced to Rs. 12,500.

In my amendment No. 32 I say that even if you do not make distinctions elsewhere you should make a distinction here. There may be six or more ladies in a family and you say that an individual lady in a house and six ladies in a joint family should be on the same basis. Shri Sadhan Chandra Gupta just gave the example of tall poppies and pygmies and said that the pygmies should not be kept undernourished and tall poppies may be beheaded so as to bring them down. I am reminded of a story in which a person was crossing a river with some others. He measured all the persons before crossing the river and then went into the stream. When they were in mid stream those who were short statured were drowned.

जहां उर्मों का रथों, कुनवा दूधा थयों।

He said, what is the matter. It is a thing like this. I cannot understand how the Select Committee failed to make distinctions between a Hindu joint family and an individual in a matter of this kind. It is almost a personal matter. It should have been felt that when you make Rs. 25,000 for one man you ought to make a correspondingly greater amount for a large family. I have, therefore, submitted in this amendment that it should be Rs. 12,500 for an individual, Rs. 25,000 for a joint family consisting of two members, and Rs. 37,500 if it is more than two members—even if it has 20 members.

So far as jewellery is concerned, the Finance Minister told us that he wanted to avoid harassment to every assessee. I would respectfully ask him how he will avoid harassment. Jewellery must be taken from the ladies, brought to the market and valued. How will you value it. Supposing there are some diamonds how will you value them?

Even if this mount is lowered our country will gain. If one has a house worth Rs. 25,000 and you take Rs. 12,500 from the same person so

far as jewellery is concerned, I am sure every lady would rather like to have a dwelling house to be exempted. So far as jewellery is concerned, it may be that the ladies may like it but the rest of the family would not like it to be kept as such with the result that the house is not exempted. I would, therefore, submit that all these amendments may be accepted.

Mr. Chairman: Amendment No. 33 is the same as amendment No. 109 which has already been ruled out of order.

Shri Bimal Ghose: The amendment which you accepted has also the same effect and that also had not the President's sanction. We advanced the date of exemption from 15th May, 1957 to 1st April, 1956. That would also have the effect of increasing taxation.

Pandit Thakur Das Bhargava: Sir, I rise on a point of order. That has already been accepted and it cannot be reopened.

Shri Bimal Ghose: If this is a ground that we cannot do anything which is unconstitutional, that amendment also would have the effect of increasing one's liability.

Mr. Chairman: That has already been accepted. Whether it is constitutional or not may be considered later on. Now, amendments 109, 33 and 98 are ruled out of order as they have not got the recommendation of the President.

Shri Karni Singhji (Bikaner): Sir, I am speaking on amendment No. 21, of which I am a joint mover. It reads thus:

Page 5.—

for lines 33 to 36, substitute:

"(iv) one house belonging to the assessee exclusively used by him for residential purposes;"

I support my hon. friend Pandit Thakur Das Bhargava with regard to giving one dwelling house free from

[Shri Karni Singhji]

wealth tax to all citizens of this country. I pressed for this in the Select Committee also. I would once more like to draw the attention of my brother Members here that since certain categories of people have been given wealth tax free residences, namely the princes and certain other categories of people who live in rural areas, I think that it would only be too fair, considering that this is a new tax being introduced in our country, to give one dwelling house free of wealth tax to everybody in this country.

I need hardly add that India is a country where we have the greatest feeling for a home. Whether it be the rich or the poor nearly everybody has an inherent instinct to possess a home. I, therefore, hope that the House would be good enough to take this matter into consideration and see that the people in India, by and large, are not subject to any hardship or heart burning on this score.

The hon. Finance Minister has just said that if this concession is withdrawn it would cost the Five Year Plan Rs. 1½ crores. May I respectfully submit that when we are undertaking a Plan worth thousands of crores is Rs. ½ to Rs. 2 crores so much that we should inflict this heart burning on the masses of India by taxing everybody's residences? I think it is time that some of us considered this point and urged the Finance Minister respectfully and very humbly to give one residence free of wealth tax to all citizens.

Shri M. R. Masani: Sir, I am speaking on amendment No. 25 reading thus:

Page 6, lines 26 and 27—

omit "subject to a maximum of ten thousand rupees in value."

I have moved amendment No. 25 which is to delete the words "subject to a maximum of ten thousand rupees in value", from sub-clause (xi) which deals with tools and instruments

necessary to enable a man to carry on his profession or vocation.

I do suggest that this is a matter to which the Finance Minister might give a fresh look. He has suggested that by administrative action, perhaps by rule-making powers within the department, some relief might be given and Shri Dasappa welcomed that assurance which I also do. I must confess however that I find it rather difficult to see how the Finance Minister is going to carry out that assurance unless the clause is first changed, because there is a limit of Rs. 10,000 which remains. I cannot see what kind of instructions within the department short of falsifying the value of an asset could allow the department to pretend that something worth more than Rs. 10,000, may be some X-ray plant or surgeon's tools, are not worth Rs. 10,000. I would, therefore, suggest that if the Finance Minister really means that this category of assessee deserve some consideration, then, this is the right time to put the matter in a different way.

The instruments we are discussing are those of professional people, architects, engineers, doctors, surgeons and people of that category who are among the toilers of this country and who are performing valuable economic and social functions. These are not parasites of any kind nor are their instruments which we are discussing any kind of waste. These are instruments through which we produce and increase the sum total of wealth and goodwill and the well-being in this country. Health, relief from pain, construction, all these are functions which we should encourage and when a man wants to invest in tools and instruments some of his money, it seems to me that the best way to encourage that will be to remove these instruments from the scope of this Bill.

Dr. Krishnaswami has, in an eloquent passage in his Minute of Dissent, pointed out the social economic and cultural value of these instruments and I hope that rather than

wait for administrative action, the Finance Minister will consider adopting this amendment which would do away with the limit. No rules and no instructions will over-rule the provisions of this clause.

Then again, the loss to the revenues by removing this restriction of Rs. 10,000 would hardly be very substantial. I am sure that for the small loss, justice would be done to worthy members of the community, surgeons, architects, engineers, and others. We should all press the Finance Minister now—and I believe that it is the sense of the House too—that this limit of Rs. 10,000 should be removed.

Shri Nathwani: My amendment reads thus:

Page 6—

Omit lines 1 to 4.

My amendment seeks to delete lines 1 to 4 on page 6. Sub-clause (v) says:

"(v) any interest in property which, although it has vested in an assessee, is not in his possession or enjoyment by reason of the fact that the time for such possession or enjoyment has not arrived;"

It has to be excluded in computing the net wealth of the assessee. In my opinion, this Bill keeps the door wide open for evasion. For instance, a man may create a trust in favour of his adult son and enjoin upon the trustee not to deliver possession of it till a certain event happens. That even may happen 20 or 30 years hence. In the meanwhile, when the property is in the possession of the trustee, that property will be exempt from liability under this Act. I do not think that this was the intention of the Select Committee. What was thought to be excluded was the contingent interest of an assessee in some property or some chance to succeed which, in law, is called *spes successionis*. Therefore, I move that these four lines should be deleted.

I would like to say one word with regard to sub-clause (iv) which seeks to exclude one residential house in the rural area. I do not see any justification for drawing a distinction bet-

ween rural houses and urban houses. An amendment has been moved, seeking to exclude one dwelling house irrespective of the place where it is situated. If that amendment is not found acceptable by the hon. Minister, at least it can be accepted subject to a maximum limit, say, of Rs. 25,000 or Rs. 20,000. But there is one more anomaly in this sub-clause (iv) to which I must draw the attention of the hon. Minister. It excludes a house situate in any place with a population not exceeding 10,000 and which is more than five miles distant from any area for which there is a municipality. It assumes that in a place with a population not exceeding 10,000 there is no municipality. But coming as I do from Saurashtra, I know that there are many towns with less than a population of 10,000 which have got municipalities. What is to happen to such places? This seems to be an anomaly and it would discriminate against the people of Saurashtra. Therefore, it should not be allowed; if at all it is allowed to remain, it should be suitably amended.

Dr. Sushila Nayar (Jhansi): Mr. Chairman, I speak with much constraint and if I may say so, with a heavy heart. I have the honour to belong to the profession of medicine which I think is a very noble profession even though the Finance Minister has done us the honour of calling the medical men as thugs, cheats and blood-suckers.

Some Hon. Members: Shame, shame.

Dr. Sushila Nayar: I hold no brief for any blood-suckers in any section of our population. I agree with the hon. Finance Minister that there are blood-suckers among doctors as there are blood-suckers among every other profession, traders, businessmen, lawyers—and in every other group. However, I wish to submit that, by and large, the medical profession is a noble profession which caters for the needs of suffering humanity. As such, it is not right to categorise it or to equalise it with purely commercial vocations and professions.

The Finance Minister raised the limit for tools and instruments from

[Dr. Sushila Nayar]

Rs. 2,500 to Rs. 10,000, and now it is sought to be increased to Rs. 20,000. I may say that I am not a bit interested in it; even if he raises it to, say, Rs. 50,000, I do not care for the higher ceiling. I want the recognition of the fact that doctors' tools are not a means of merely earning money. They are means of relieving human suffering and, as such, they should be treated differently, than is done in the case of those avocations which are purely commercial ventures. No doubt doctors do earn their living through the medical profession, but may I point out that on an average, a doctor spends after high school, at least 15 years in training—seven years in the pre-medical and medical college, and after that, five years in house-surgery and residency, etc. After these 12 years only, he begins to earn and it takes him at least 3 years to establish himself in his profession.

May I also point out one more thing? Take the statistics anywhere in the world. Most of the doctors die young; they die between the ages of 50 and 55; so that their period of earning is very limited.

Mr. Chairman: The hon Member's time is up.

Dr. Sushila Nayar: I am going to take 5 minutes more; I have to say something.

Mr. Chairman: My difficulty is that I have to finish the Bill at least in the course of the day. She can submit whatever she has got to say in a few words and also in a lengthy way. (Interruptions). I want to see that we do our job within the scheduled time. We have got some other business also.

Dr. Sushila Nayar: It has been suggested that concession to be given to the doctors will be given through rules. I am told by very good authorities that it cannot be given through the rules, unless it is specifically provided in the Act. The hon. Finance Minister may have a proviso to that effect, if he wishes to have it done under the rules. Otherwise, it cannot

be done under the rules. And it should not be done, because I feel very strongly that rules are not there to produce a different effect than the main Act does on this House. Otherwise, we would not be spending hours and hours in discussing the clauses. It would not be fair and proper to do that.

The second thing that has been suggested is that under the evaluation clause, instruments can be evaluated differently. Again, I would much rather not have a concession of that type, which will open out fresh avenues of corruption, today which is the main curse of this country today and which stands in the way of our country's progress. I would, therefore, much rather like that if an instrument costs Rs. 50,000, it is evaluated at Rs. 50,000. No special rules or evaluation should be introduced for the evaluation of doctors' instruments. I submit that there are a fairly large number amongst us who do this work in a spirit of humanitarian service and if the hon. Finance Minister does feel that tools and instruments of doctors are not purely money-making devices, but they are means of service to humanity, let him find a way of giving exemption to the doctors' tools. They may be worth 5,000 or even 5 lakhs. If he finds that there are "blood-suckers" amongst us, as he called them, by all means, find any method of taking away the profits that they are making through any type of taxes or other types of supervision or safeguards that may be necessary. But I strongly feel that to consider the instruments and tools of medical men and women as equal to the tools that may be used purely for commercial and trading purposes is not fair, is not right. Again I appeal to the hon. Finance Minister to please find a way out.

16.53 hrs.

[MR. DEPUTY-SPEAKER in the Chair.]

Shri Narayananatty Memon: I want to say a few words on this clause, because it is the most vital point...

Mr. Deputy-Speaker: I have no objection; if the whole time is to be spent on this clause, I have no objection.

Shri Shankaraiya: I have not spoken on my amendment.

Mr. Deputy-Speaker: We have an half-hour discussion till 6 o'clock.

An Hon. Member: We cannot sit beyond six.

Mr. Deputy-Speaker: If the House desires to sit, I have no objection, but we should try to remain within that limit that we have placed on ourselves. Now there are a very large number of hon. Members who are desirous of speaking. If all are to be given chances, perhaps this clause may not be concluded.

Shri Shankaraiya: At least those who have sent in amendments and have not been given an opportunity to explain them, may be given chances.

Mr. Deputy-Speaker: I am sorry everybody who has sent in amendments cannot be given a chance.

Shri C. K. Bhattacharyya (West Dinajpur): Let the chances of making speeches be extended to those who have not yet spoken. We have heard many speeches from many Members and repeated speeches from the same Members.

Mr. Deputy-Speaker: I am sure that those who had no chance up till now have no amendment also. What shall I do? I have no time even to call those who have sent amendments. Those who have had no chance up till now perhaps may try their luck in the third reading.

Mr. Ramaswamy: He will be very brief.

Shri S. V. Ramaswami: My amendment No. 123 relates to sub-clause (xi) of clause 5. It seeks to raise the maximum of Rs. 10,000 in value to Rs. 20,000, in which case it would read like this:

"(xi) the tools and instruments necessary to enable the assessee

to carry on his profession or vocation, subject to a maximum of twenty thousand rupees in value."

If a sum of Rs. 20,000 is provided as the maximum, it would be helpful to carry on the profession.

Shri Naushir Bharucha (East Khandesh): We have not got the amendment. It has not been circulated. It ought not to be allowed to be moved now.

Mr. Deputy-Speaker: I will read that out now. The procedure is that when an amendment is given after the time, if the Government is prepared to accept that amendment, the notice is waived. If it is acceptable to the Government, then I will waive the notice; otherwise not.

Shri T. T. Krishnamachari: I am prepared to accept amendments Nos. 125, 127 and 128.

Mr. Deputy-Speaker: The hon. Minister says he is accepting amendments Nos. 125, 127 and 128. I will read them out. Amendment No. 125 by Shri S. V. Ramaswami reads:

Page 6, line 27, for "ten" substitute "twenty".

Amendment No. 127 by Mr. Nathwani reads:

Page 6, omit lines 1 to 4.

Amendment No. 128 by Shri S. V. Ramaswami reads:

Page 6, after line 27, insert—

"(xii) instruments and other apparatus used by the assessee for purposes of scientific research."

I think hon. Members now know what the amendments are.

Shri S. V. Ramaswami: With regard to amendment No. 128, there are scientists who pursue science purely for the sake of knowledge. Such persons should not be taxed. It is for that purpose that the instruments and other apparatus used by the assessee for the purpose of scientific research should be exempted.

17 hrn.

Shri Shankaralya: So far as clause 5, sub-clauses (iii) and (iv) are concerned, they are new provisions added by the Select Committee. By exempting one house belonging to the princes and to those living in rural areas, we will be making a discrimination. Persons holding a house within five miles of municipal limits are not considered and therefore it amounts to discrimination which ought not to have been made.

The second and most important point is, with regard to the house that is to be exempted in the case of a Ruler, in the way in which it is worded, sub-clause (iii) cannot be accepted. Sub-clause (iii) says,

"any one building in the occupation of a Ruler declared by the Central Government as his official residence under paragraph 13 of the Merged States (Taxation Concessions) Order 1949, or paragraph 15 of the Part B States (Taxation Concessions) Order, 1950."

The object of this provision is that exemption of one house should be given. Even if one house is to be exempted, according to sub-clause (iii), it is that House which is in the occupation of the present Ruler, which is declared under these two Orders. If the declared properties are to be exempted, I submit, we will be validating a mistake if at all any has been committed by the Government in declaring these properties as the personal properties of the Ruler. Because, under the covenant entered into by the princes, it is only such properties belonging to them as private property that ought to be exempted. Suppose a public property or State properties have been declared as belonging the Ruler in the inventory and if the inventory is taken as gospel truth, and if the State properties are allowed to be declared as private property, we will be validating a mistake. I am not prepared to accept this injustice. We should see that such property is protected. If any mistake has been com-

mitted either by the State Government or the Central Government in declaring it as private property, it should be nullified and rectified and State property should be restored to the State. If I were to illustrate....

Mr. Deputy-Speaker: The House has followed the hon. Member. Illustrations are not necessary.

Shri Shankaralya: To illustrate—the hon. Finance Minister may say by way of explanation that due to the anomalous position—at the time of the integration, they were not able to make a distinction between what were private properties of the Ruler and State properties. If there are glaring instances, if there are official records, budget proposals to show that they are State properties, if the money has been voted in the budget by the legislature for its construction and after its completion, if the State has treated it as State property and in subsequent years also, if in the State budget, provision is made for the maintenance of this property, merely because a prince is allowed to remain in it for certain purposes, whatever they may be—if he is in occupation, I have no objection to his being permitted to reside there in but, in spite of budget proposals and official records, they are declared as private property of the Ruler, I do not know where the safety lies for State properties. If any mistake has been committed, I would request the Finance Minister to see that it is rectified and the property is restored to the State and this Order is not enforced. If any mistake has been committed, this House also will commit itself to the mistake committed by the Government. If we pass this Bill as it is with the wording declared property, we will be validating a mistake that has been committed by the Government. It should not be done so. Hence due amendments.

Shri S. Ghose: To my mind, clause 5, sub-clause (1)(i) is a mistake because that gives a loophole for evasion of tax. It will be better if the Finance Minister remembers the oft-quoted saying that the rich grind the law and the law grinds the poor. By

enacting this Bill, we are going to extract something from the rich persons and it can be taken for certain that they will not take it lying down. That will be decided somewhere else: not in this House, but somewhere else where another force is working. If the Bill suffers from legal infirmities, it will defeat its own purpose. I think it is an infirmity in clause 5 sub-clause (1)(i). Originally as it was, it was somewhat less mischievous. But, it has become more mischievous as it has emerged from the anvil of the Select Committee. I submit there is not one word nature: it is religious and charitable purpose of a public nature. What will be the interpretation of nature? What is the meaning of nature? That is giving a long rope to persons and with the help of that simple word persons could fly away with consummate ease. Moreover, you will be pleased to find that the words 'trust or other legal obligation' are very vague words. They would be very helpful for evading taxes, particularly when in this Bill we do not find anything analogous to section 3 of the Income-tax Act which speaks of association of individuals. In this Bill, there is no provision to rope in association of individuals. Besides companies and firms, there is one other thing that can be contemplated and that is association of individuals by which taxes can be evaded. I submit that it is for this reason that I have suggested an amendment, that is, exclusively for religious and charitable purposes of a public character. That would shorten the path that has been widened by the Select Committee. I think, in trying to extract something from the rich persons, he should not create a paradise for the lawyers.

Mr. Deputy-Speaker: The hon. Minister.

Shri Narayanankutty Menon: I want clarification of a position.

Mr. Deputy-Speaker: Let him speak. Then if there is anything for clarification, we will see.

Shri T. T. Krishnamachari: It is rather difficult for me to deal with

all the amendments moved by hon. Members. I hope hon. Members will not feel dissatisfied if I am not able to refer to all of them.

Broadly they fall into two categories: one is extension of the scope of the exemptions given in clause 5 and the other is restriction of the scope of exemptions that have been provided by the Select Committee. Hon. Members know that the Bill stood in a particular form originally. In regard to that, we have the Presidential sanction. If the Select Committee had enlarged the scope of the Bill and varied the character of the concession, the House is perfectly entitled, without further sanction from the President, to restore the position. Shri Nathwani has proposed amendment No. 127 to clause 5(1)(v) which has been inserted by the Select Committee. He has made out that it is something which will lead to a lot of evasion and it is a thing which can now be cut out without any serious detriment to the scope and nature of the Bill.

Shri Nathwani: If that is to be cut out.....

Shri T. T. Krishnamachari: I request my hon. friend not to interrupt me because it is rather difficult for me to reply....

An Hon. Member: If that is cut out, then the other thing has also to be cut out.

Shri T. T. Krishnamachari: It does not follow. It does not mean that if one is cut out, everything should be cut out.

I accept the amendment of Mr. Nathavani. Mr. Nathavani has also made a very pertinent observation about clause 5(1)(iv). It reads:

"one house belonging to the assessee exclusively used by him for residential purpose and situated in any place with a population not exceeding ten thousand

[Shri T. T. Krishnamachari]

and which is more than five miles distant from any area for which there is a municipality;"

Of course, he was a member of the Select Committee. He has asked: what about an area, where there is a municipality, which has less than 10,000 inhabitants? If the House will permit me I should be prepared to accept the amendment, if moved by anybody or, if the Chair will permit me to do so, I will myself do it. The amendment suggests that in clause 5(iv), after the word "municipality", the words "the population whereof exceeds ten thousand shall be added. After the amendment, the clause will read:

"one house belonging to the assessee exclusively used by him for residential purposes and situated in any place with a population not exceeding ten thousand and which is more than five miles distant from any area for which there is a municipality, the population whereof exceeds ten thousand;"

It is a verbal amendment to fill up a lacuna. There can be a municipality which has a population of less than ten thousand. If the House will permit me, I am prepared to accept it.

Mr. Deputy-Speaker: Is it not possible to reduce it to writing?

Shri T. T. Krishnamachari: I have got a copy here.

I beg to move:

Page 5, line 36—

add at the end:

"the population, whereof exceeds ten thousand".

It is really a drafting error. It is not a substantive one. Under the Bill, as amended by the Select Committee, all areas with a population of

ten thousand, the residents, thereof should be exempt, so far as the house is concerned. It has also been laid down that it should not be within five miles of a municipality. If the area of the municipality itself is less than 10,000, then it will not be covered because the municipality will be the governing factor. It will not get that concession. Mr. Nathavani has pointed out that there are several municipalities, particularly in his area, and may be, in other areas too, which have less than 10,000 inhabitants. We should say "a municipality which has more than ten thousand inhabitants": then only the five mile distance will be attracted. I think it is quite clear. The language is all right.

The other amendment moved by Mr. Ramaswami was a variation of the amendment tabled by Mr. Dasappa, whereby equipment for scientific research is sought to be exempted. I am prepared to accept it.

So far as the other points are concerned, some hon. Members have objected to the concessions given under section 5. We have dealt with this subject in the definition clause. The question of "house" is a matter that has been under dispute. I have tried to endeavour to answer the other point that was made by Pandit Thakur Das Bhargava that all houses should be exempted. As I mentioned to the House earlier—it may be that it will be of the order of Rs. 1½ crores; may be more; I do not know how much it will be—I find I am unable to accept the amendment. Therefore, the position boils down to this. I am prepared to accept the addition of the words "the population whereof exceeds ten thousands" in clause 5(iv). I am also prepared to accept the amendment of Mr. Ramaswami that an additional sub-clause should be put regarding instruments and other apparatus for scientific research and also his amendment for raising the ceiling from Rs. 10,000 to As. 20,000.

Mr. Deputy-Speaker: Amendment moved:

Page 5, line 36—

add at the end—

"The population whereof exceeds ten thousand".

Shri V. Raju (Visakhapatnam): Regarding the amendment moved by the Finance Minister for exemption of house property in municipal areas, may I suggest the addition of the word "panchayat", or "major panchayat" also? In my State there are areas with a population of 15,000 or 20,000 where there are no municipalities. In the circumstances, I suggest this may be accepted. In this connection, Mr. Murthy also gave the example of Vuyyuru in Krishna District, where the Zamindars have property worth over a crore of rupees, where there is no municipality today. The word "panchayat" would cover all such cases. If you say "panchayat or a population of ten thousand" it would cover both cases.

Shri Feroze Gandhi: I only wanted a clarification from the hon. Finance Minister with regard to Mr. Ramaswami's amendment, raising the limit from Rs. 10,000 to Rs. 20,000 for the purpose of scientific research.

Shri T. T. Krishnamachari: That is the total exemption.

Shri Feroze Gandhi: That is all what I wanted to know.

Dr. Sushila Nayar: I want a clarification.

Mr. Deputy-Speaker: If there are so many clarifications, how can I proceed with the business?

Dr. Sushila Nayar: I want to know from the Finance Minister that the sum of Rs. 25,000 permitted for jewellery and the sum of Rs. 1 lakhs, which is permitted for Government securities, if they are to be converted into instruments etc. if anybody desires to do so, will he have any objection to that?

Shri T. T. Krishnamachari: It is a law made by Parliament. Where does the Finance Minister come in? I cannot by hukum convert this.

So far as the proposal made by Mr. Raju is concerned, if it is a panchayat having more than ten thousand residents, well, the provision would be attracted. They won't get the benefit. But the mere fact that it is a panchayat will not exclude that particular area from the benefit of this exemption. Generally the panchayats will have a population of less than 10,000. If there is a panchayat with a population of more than 10,000, then the population of 10,000 will operate and that area will be excluded from the purview of this particular sub-section. Therefore, I don't think there is any need for incorporating the word "panchayat" because 10,000 is the limit. If there is a municipality with less than 10,000, we want to save that particular area, and that has been done by accepting the suggestion of Mr. Nathawani.

Mr. Deputy-Speaker: I shall put amendment Nos. 125 and 127. The question is:

Page 6, line 27—

for "ten" substitute "twenty"

The motion was adopted

Mr. Deputy-Speaker: The question is:

Page 6—

omit lines 1 to 4.

The motion was adopted

Mr. Deputy-Speaker: Now I put amendment 128. The question is:

Page 6, after line 27, insert:

"(xii) Instruments and other apparatus used by the assessee for purposes of scientific research."

The motion was adopted

Mr. Deputy-Speaker: Now I put amendment 129.

The question is:

Page 5, line 36—

add at the end:

"the population whereof exceeds ten thousand".

The motion was adopted.

Mr. Deputy-Speaker: Now I come to the other amendments.

Shri M. R. Masani: May I request that amendment 25 may be put separately to the House?

Mr. Deputy-Speaker: All right. I put amendment 25 to the House. The question is:

Page 6, lines 26 and 27—

omit "subject to a maximum of ten thousand rupees in value".

The motion was negatived.

Shri T. B. Vittal Rao: We have got amendments 75, 82, 84 which may be put separately.

Mr. Deputy-Speaker: Should I put all the three together, or separately?

Shri T. B. Vittal Rao: Separately.

Mr. Deputy-Speaker: In the debates, I am advised, they will be put separately and not together.

Shri V. Raju: What about amendment 69?

Mr. Deputy-Speaker: How should I know? If I am asked to put that also separately, I am prepared to put it.

17-24 hrs.

[**MR. SPEAKER** in the Chair.]

Mr. Speaker: Now I put amendments Nos. 75, 82 and 84.

The question is:

(75) Page 5.

omit lines 28 to 32.

(82) Pages 6 and 7

omit lines 34 to 37 and 1 to 4 respectively.

(84) Page 7

omit lines 26 to 31.

Raja Mahendra Pratap (Mathur): I have to give a talk at 3.35 in Room No. 62. Can I go?

Mr. Speaker: The hon. Member is locked up here. He cannot go now. The doors are all closed.

Lok Sabha divided: ** Ayes 37; Noes 128.

Division No. 25]

[17.26 hrs

A

Banerjee, Shri S. M.

Bhadauria, Shri

Bharucha, Shri Naushur

Braj Ra; Singh, Shri

Chakravarty, Shrimati Renu

Chaudhuri, Shri T. K.

Dasgupta, Shri B.

Elias, Shri M.

Geikwad Shri B.K.

Ghaos, Shri

Ghose, Shri Bimal

Ghosh, Shri S.

Gopalan, Shri A. K.

Goray, Shri

Gupta, Shri Sadhan

Jadhav, Shri

Kamble, Shri B. C.

Kar, Shri Prabhat

Kodiyani, Shri

Kunhan, Shri

Manay, Shri

Menon, Shri Narayanananikutty

Mukerjee, Shri H. N.

Mullik Shri B. C.

Nayar, Shri V. P.

Pandey, Shri Sarju

Parulekar, Shri

Patil, Shri Balasaheb

Patil, Shri Nana

Patil, Shri U. L.

Raju, Shri V.

Rao, Shri D. V.

Rao, Shri T. B. Vittal

Reddy, Shri Nagi

Vaivi, Shri

Warior, Shri

Yajnik, Shri

**The result of this division applies to amendments Nos. 72, 82 and 84 separately.

NOES

Achar, Shri	Jagilvan Ram, Shri	Rajah, Shri
Ajit Singh, Shri	Jain, Shri M. C.	Ramaswami, Shri S. V.
Ambalam, Shri Subbiah	Jangde, Shri	Ramaswamy, Shri K. S.
Arumugham, Shri S. R.	Jena, Shri K. C.	Rameshwari Rao, Shri
Balmiki, Shri	Jogendra Sen, Shri	Ram Saran, Shri
Banerjea, Shri S. K.	Joshi, Shri A. C.	Ranbir Singh, Ch.
Bangali Thakur, Shri	Karni Singh, Shri	Rane, Shri
Barman, Shri	Kotoki, Shri Lileshwar	Ranga, Shri
Bercopal, Shri P. L.	Keshava, Shri	Rao, Shri Hanmenth
Basappa, Shri	Keskar, Dr.	Rao, Shri R. J.
Besumatari, Shri	Kistaiya, Shri	Reddy, Shri Ram!
Bhakt Darshan, Shri	Lachhu Ram, Shri	Roy, Shri Bishwanath
Bhagava, Pandit Thakur Das	Lahiri, Shri	Sahu, Shri Rameshwari
Bhogi, Bhau, Shri	Lal, Shri R. S.	Saigal, Sardar A. S.
Birbal Singh, Shri	Leskar, Shri N. C.	Samanta, Shri S. C.
Bose, Shri P. C.	Maiti, Shri N. B.	Samantsinhar, Dr.
Brajaeshwar Prasad, Shri	Malvia, Shri K. B	Sanganna, Shri
Chanda, Shri Anil K.	Mansen, Shri	Sarhad, Shri Ajit Singh
Chandak, Shri	Mandal, Shri J.	Sen, Shri P. G.
Chaturvedi, Shri	Mandal, Dr. Pashupati	Shah, Shri Manabendra
Chettiar, Shri R. Ramanathan	Methur, Shri Harish Chandra	Sharma, Shri D. C.
Chuni Lal, Shri	Mehdi, Shri S. A.	Siddananjappa, Shri
Dahit Singh, Shri	Meikote, Dr.	Singh, Shri Babunath
Dasappa, Shri	Mishra, Shri Bibhuti	Singh, Shri D. N.
Das, Shri N. T.	Misra, Shri R. D.	Singh, Shri D. P.
Das, Shri Ramdhani	Misra, Shri R. R.	Singh, Shri Kamal
Das, Shri Shree Narayan	Munisamy, Shri N. R.	Singh, Shri T. N.
Deb, Shri N. M.	Morarka, Shri	Sinha, Shri K. P.
Deshmukh, Shri K. G.	Nar, Shri C. K.	Sinha, Shri Satya Narayan
Dinesh Singh, Shri	Narayanasamy,	Sinhasan Singh, Shri
Dube, Shri Mulchand	Naskar, Shri P. S.	Snatak, Shri Nardeo
Dubash, Shri	Nehru, Shrimati Uma	Subbarayan, Dr. P.
Dwivedi, Shri M. L.	Nek Ram, Shri	Surya Prasad, Shri
Gandhi, Shri M. M.	Oza, Shri	Tewari, Shri Dwarakanath
Gautam, Shri C. D.	Padam Dev, Shri	Tula Ram, Shri
Gounder, Shri K. P.	Pahadia, Shri	Uike, Shri
Guha, Shri A. C.	Paleniyandy, Shri	Umrao Singh, Shri
Gupta, Shri C. L.	Pangarkar, Shri	Upadhyaya, Shri Shiva Datt
Harvani, Shri Ansar	Panna Lal, Shri	Venkatasubbaiah, Shri
Hasda, Shri Subodh	Parmar, Shri Y. S.	Vyas, Shri Radhelal
Heda, Shri	Radha Raman, Shri	Wadiwa, Shri
Hem Rai, Shri	Raghunath Singh, Shri	Wasnik, Shri
Hukam Singh, Sardar		Wilson, Shri J. N.

The motion was negatived.

Mr. Speaker: Now I put other amendments. The question is:

Page 5,—

after line 25, add:

"Provided that the assessee does not derive any monetary relief therefrom."

The motion was negatived.

Mr. Speaker: The question is:

Page 5—

omit lines 33 to 36.

The motion was negatived.

Mr. Speaker: The question is:

Page 7—

omit lines 5 and 6.

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 15—

after "wearing apparel" insert
"jewellery".

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 17—

after "assessee" add—

"subject to a maximum of twenty-five thousand rupees in value".

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 17—

add at the end:

"subject to a maximum of five thousand rupees in value."

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 17—

add at the end:

"subject to a maximum of ten thousand rupees."

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 19—

add at the end:

"subject to a maximum of five thousand rupees."

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 4—

add at the end:

"subject to a maximum of five thousand rupees."

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 6—

for "twenty-five thousand rupees" substitute "five-thousand rupees".

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 10—

add at the end:

"subject to a maximum of five thousand rupees in value".

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 10—

add at the end:

"subject to a maximum of twentyfive thousand rupees in value".

The motion was negatived.

Mr. Speaker: The question is:

Page 7—

omit lines 21 and 25.

The motion was negativea.

Mr. Speaker: The question is:

Page 7, line 25—

add at the end—

"subject to a maximum of ten thousand rupees in value."

The motion was negatived.

Mr. Speaker: The question is:

Page 5, lines 24 and 25—

for "for any purpose of a charitable or religious nature in India" substitute—"exclusively for charitable and religious purpose of public character".

The motion was negatived.

Mr. Speaker: The question is:

Page 6, line 18—

after "implements" insert "including tractors".

The motion was negatived.

Mr. Speaker: The question is:

Page 5, line 22—

add at the end:

"provided that the total value of the assets exempted under items (iii), (iv), (vi), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv) and (xviii), of this clause shall not exceed Rs. 50,000 in any case".

The motion was negatived.

Mr. Speaker: The question is:
Page 5—
for lines 33 to 36, substitute—

“(iv) one house belonging to the assessee exclusively used by him for residential purposes.”

The motion was negatived.

Mr. Speaker: The question is:
Page 5—
after line 36, add—

“(ivA.) one building in the occupation or ownership of every assessee used by him and his family as the dwelling house.”

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 6—

for “twenty-five thousand” substitute “twelve thousand and five hundred”.

The motion was negatived.

Mr. Speaker: The question is:

Page 7, line 6—

add at the end:

“and in case the assessee is an undivided Hindu family subject to maximum of twenty-five if the family consists of two coparceners and to a maximum of thirty-seven thousand five hundred if it consists of more than two coparceners.”

The motion was negatived.

Mr. Speaker: The question is:

Page 5—

omit lines 28 to 36.

The motion was negatived.

Mr. Speaker: The question is:

Page 5, line 28—

for “any one building in the occupation of a Ruler” substitute:—

“any one building other than a State Property belonging to the Ruler exclusively used for residential purposes by him”.

The motion was negatived.

Mr. Speaker: The question is:

Page 5—
for lines 33 to 36, substitute—

“(iv) one building belonging to the assessee used by him for his residential purposes;”

The motion was negatived.

Mr. Speaker: The question is:
Page 7, line 10—
add at the end:

“Wealth-tax shall not be payable on such certificates but the value of any such certificates so exempted shall be included in computing the net wealth of the assessee”.

The motion was negatived.

Mr. Speaker: The question is:

“That clause 5, as amended, stand part of the Bill.”

The motion was adopted.

Clause 5, as amended was added to the Bill.

Mr. Speaker: We have already exceeded the time. I shall now put all the other clauses and the schedule.

Shri T. T. Krishnamachari: There is a printing mistake, if I may point out. There is a mistake in clause 20(1) page 14. The underlined portion in which the partition has taken place has to go up to the previous line. Instead of being in line 27, it should be in line 26.

Mr. Speaker: It will be corrected. Now I shall put them.

Shri Sadhan Gupta: Let the amendments be treated as moved

Mr. Speaker: No.

The question is:

“That clauses 6 to 46, the Schedule, Clause 1, the Title and the Enacting Formula stand part of the Bill.”

The motion was adopted.

"Clauses 6 to 46, the Schedule, Clause 1, the Title and the Enacting Formula were added to the Bill."

Shri Sadhan Gupta: On a point of order. There are certain amendments. Let them be formally moved, and they can be put to the vote, whatever happens to them

Mr. Speaker: The practice is that whatever amendments were being considered before that time, those amendments will be put to the vote separately. All others which have not been moved will not be moved. That is the practice

Shri Nagi Reddy: At least those which we want to press for division can be voted separately,

Mr. Speaker: No. The time is over. Whatever practice was there will be continued.

Shri T. T. Krishnamachari: Sir, I beg to move:

"That the Bill, as amended, be passed".

Mr. Speaker: The question is:

"That the Bill, as amended, be passed".

The motion was adopted.

PURCHASE OF TENTS FOR DISPLACED PERSONS' CAMPS

Shri A. C. Guha (Barasat): Mr. Speaker, this is about a reply given to a question of mine regarding the purchase of tents and the number of tents used in the refugee camps. I find that up till now during the last five years about 2 lakhs of tents were purchased up to 1955, and 99,000 tents have been purchased in 1956, and the total amount paid for them would be a huge sum. There is no total given, but in 1955 they purchased tents worth Rs. 1.32 lakhs and worth Rs. 135 lakhs in 1956—this is the

biggest amount in any year—, Rs. 79 lakhs in the previous year i.e., 1954 Rs. 31 lakhs and so on. I have also quoted any figure for 1956. In that year also the purchase of tents went up to Rs. 1.35 crores.

17.32 hrs.

[**MR. DEPUTY-SPEAKER** in the Chair]

If I refer to anything about this matter I think the hon. Minister will again come back to his favourite theme that after all he has to give relief to the refugees and that he has to give them some sort of protection. The name of his Ministry is Rehabilitation Ministry. The question of relief comes only when his Ministry has failed to discharge the work which is basically allotted to it, namely the rehabilitation work. When rehabilitation has been delayed or when it has failed, only then the question of relief comes. It is just an issue which has come out of the failure of that Ministry in discharging its original and basic duty.

The Minister of Rehabilitation and Minority Affairs (Shri Mehr Chand Khanna): Sir, on a point of order. Under rule 55 the Member can ask for elucidation on a matter of fact. Here is a question that was put by him. I have answered that question and given the desired information from parts (a) to (e). May I enquire from him which part he is objecting to and for which complete information has not been given?

Shri A. C. Guha: Sir, I am also allowed to make a small statement

Mr. Deputy-Speaker: These are the facts that have to be considered by the Speaker when he is admitting the half-an-hour discussion. When he has applied his mind and allowed that, perhaps it is not the time now to go over it again and give a decision whether this ought to have been admitted or not. Now we have to take up this discussion for half an hour and Mr. Guha may continue.

Shri Balasaheb Patil (Miraj): There is no quorum.